

Reconstruction in Syria: challenges and policy options for the EU and its member states

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Veröffentlichungsversion / Published Version
Arbeitspapier / working paper

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Empfohlene Zitierung / Suggested Citation:

Asseburg, M. (2020). *Reconstruction in Syria: challenges and policy options for the EU and its member states*. (SWP Research Paper, 11/2020). Berlin: Stiftung Wissenschaft und Politik -SWP- Deutsches Institut für Internationale Politik und Sicherheit. <https://doi.org/10.18449/2020RP11>

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SWP Research Paper

Muriel Asseburg

Reconstruction in Syria

Challenges and Policy Options for the EU and its Member States



Stiftung Wissenschaft und Politik
German Institute for
International and Security Affairs

SWP Research Paper 11
July 2020, Berlin

- Syria's civil war has long since been decided in favour of the regime. There is no prospect of a negotiated settlement, reconciliation or lasting stabilisation.
- Syria faces enormous challenges, well beyond the rebuilding of infrastructure and housing. It will also need assistance to restart its economy, stabilise its currency and renew its public services, in particular education, health, electricity and water.
- The funds required for comprehensive reconstruction are extremely unlikely to become available, given the attitude of the Syrian leadership, the economic ramifications of the Covid-19 pandemic, and the geopolitical interests of regional and global powers. Nor are resources likely to be deployed in line with the needs of the population.
- The EU and its member states have made engagement in Syria's reconstruction conditional on viable steps towards a negotiated conflict settlement and a political opening. They should adapt their approach to align better with the current realities and challenges on the ground.
- That means in particular targeting humanitarian aid more effectively, dismantling certain sectoral sanctions and supporting the rehabilitation of basic infrastructure — even in areas controlled by the Syrian government. This would represent a more effective contribution to improving living conditions and avoiding further erosion of public services.
- Lasting stabilisation will require fundamental reforms. In this vein, Brussels should spell out its “more for more” approach.
- Europe should refrain from normalising relations with the top leaders of the Assad regime and instead step up its support for prosecution of war crimes, grave human rights violations and the use of internationally banned weapons.

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SWP Research Paper 11
July 2020, Berlin

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ISSN 1863-1053
doi: 10.18449/2020RP11

Translation by Meredith Dale

(Updated English version of
SWP-Studie 7/2020)

Table of Contents

5	Issues and Recommendations
7	The Syrian Leadership's Approach: Reconstruction as the Continuation of (Civil) War with Other Means
8	Politicised Reconstruction
10	International Aid on a Short Leash
12	The Context: The Interests of Regional and Global Powers
12	Russia and Iran
13	Turkey
14	China
14	Arab Gulf states
15	Syria's Neighbours
15	The United States
16	Interim Conclusion
17	Challenges of Reconstruction
17	War Damage and Its Consequences
18	War Economy and Sanctions
20	The Consequences of Death and Displacement
22	Interim Conclusion
23	The European Approach: No Reconstruction without Political Opening
23	European Positions and Instruments
25	Growing Divergence
26	Conclusions, Policy Options and Recommendations
26	A More Realistic European Approach
28	More Effective Assistance
28	European Contribution to Rehabilitation of Basic Infrastructure
29	Testing Damascus with an Offer
29	Reviewing the Sanctions Regime
30	Supporting Refugees and IDPs
30	The "More for More" Approach
31	No Blind Eye to Grave Human Rights Violations
34	Abbreviations

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Reconstruction in Syria Challenges and Policy Options for the EU and its Member States

Even if the fighting is not over, the Syrian regime has won the civil war in military terms. Damascus and its allies controlled about two-thirds of the country by spring 2020, and the Assad regime appeared set to recapture the remaining areas. There is currently no prospect of a negotiated settlement, reconciliation between conflict parties and population groups, or lasting peace and stabilisation.

The armed conflict in Syria, which began in 2011 following the violent suppression of a protest movement, has had disastrous consequences for the country's population, infrastructure and economy. It is estimated that reconstruction will cost US\$250 to US\$400 billion or even US\$1 trillion, depending on the source. The enormous challenges extend far beyond mine clearance and physical rebuilding of infrastructure and housing: a huge loss of (skilled) labour, contraction of the economy, currency devaluation and the collapse of public services head the list.

Reconstruction has already begun. But this is not a comprehensive nation-wide programme, centrally planned and managed with international funding. Rather, diverse actors implement projects, mainly at the local level. Few of them pay much heed to the needs of the population. The prime concern for the leadership in Damascus is to consolidate its grip on power. Reconstruction efforts are directed towards cementing demographic changes, rewarding the loyalty of old and new elites through lucrative investment opportunities, and compensating the regime's international supporters — first and foremost Russia and Iran — with access to Syria's resources. At the same time the legal and political framework for humanitarian aid that Damascus has created ensures — in the areas it controls — that the regime has the last word on decisions about where international aid is deployed, by whom, and to whose benefit.

The Syrian leadership is adamant that it will accept foreign engagement in reconstruction only from friendly countries and without conditionality. But Damascus's allies are neither willing nor able to fund comprehensive nation-wide reconstruction. Other potential funders categorically reject engage-

ment (the United States), hesitate (the Arab Gulf states), position themselves for later engagement (China) or concentrate exclusively on particular regions, even integrating them (at least partly) into its own economy and administration (Turkey). Given the attitude of the Syrian leadership and the irreconcilable geopolitical interests and visions for Syria's future political and societal order of the regional and global powers it is extremely unlikely that Syria will receive sufficient funding for reconstruction. The economic repercussions of the Covid-19 pandemic, especially the collapse of the oil price, are likely to further constrain available funding.

Europe — in the sense of the EU and its member states plus the UK — has made its engagement conditional on viable steps towards a negotiated conflict settlement and a political opening. Its involvement has therefore been largely restricted to humanitarian aid. At the same time the EU has imposed comprehensive sanctions. But the European approach has had little influence on the conflict dynamics on the ground or the behaviour of the Assad regime. This is, amongst other factors, because the sanctions regime and the conditionality of reconstruction assistance are configured for a regime change agenda that is no longer a realistic prospect (even if the EU has softened its rhetoric, no longer talking explicitly about regime change or power-sharing, but an inclusive political transition). At the same time, Brussels has still not spelled out what kind of change in Damascus — below the threshold of political transition — would lead to which European concessions. Another problematic aspect of the European approach is that the combination of its sanctions and the restrictions that apply to humanitarian aid hinder the provision of effective assistance to the population. In view of the deepening economic crisis, such aid is urgently needed. As it stands, the EU risks contributing to cementing a situation in which the Syrian population remains permanently dependent on international aid and on the regime's benevolence.

In light of these observations the present research paper examines the question of how the EU and its member states can adjust their approach to Syria in such a way as to better align it with the current realities and challenges on the ground, bring Europe's instruments into line with its interests, and make best possible use of the narrow available leeway. That would presuppose, first of all, admitting that European incentives and sanctions will not bring about a negotiated conflict settlement or a political opening.

That road has been closed by the military successes of the Assad regime and its allies. It means, secondly, rejecting the illusion that Damascus could become a reliable partner for economic recovery and reconstruction, for counter-terrorism and for return of refugees. It encompasses, thirdly, not confusing the current economic and currency crisis and the erosion of state capacities in Syria with an imminent collapse of the regime — still less in favour of an alternative political force that would unify and stabilise the country.

Europe should contribute more effectively than hitherto to alleviating suffering, promoting improvements in living conditions and stopping the rapid erosion of public services. In this vein, it should work to enhance the effectiveness of UN aid, dismantle those sectoral sanctions that stand in the way of recovery and under certain conditions even support rehabilitation of basic infrastructure in areas controlled by the regime. But lasting stabilisation will require fundamental reforms. To that end the EU should flesh out its “more for more” approach to lay out a concrete path for largely normalising relations with Damascus in return for political opening and structural reforms. Europe should, however, refrain from normalising relations with the top leaders of the Assad regime and instead step up its support for prosecution of war crimes, grave human rights violations and the use of internationally banned weapons.

The Syrian Leadership's Approach: Reconstruction as the Continuation of (Civil) War with Other Means

In military terms, the civil war in Syria has long since been decided in favour of the regime. Damascus and its allies now control about two-thirds of the country¹ and Damascus seeks to reconquer the remaining areas. There is no prospect of a negotiated conflict settlement, reconciliation between conflict parties and population groups, or lasting peace and stabilisation. This is because — alongside a multitude of domestic and foreign militias — five regional and global powers (Iran, Israel, Russia, Turkey, United States) with irreconcilable geopolitical interests and visions for Syria's future political and societal order have a military presence in the country.² Also, remnants of the "Islamic State" (IS) and other radical rebel groups are expected to form the core of a new insurgency and terrorist network. They are likely to hamper stabilisation efforts and have broader destabilising effects.³ And there should be no expectation of the Constitutional Committee, which began its work

under UN Special Envoy Geir Pedersen at the end of October 2019,⁴ agreeing on meaningful constitutional reforms or a negotiated conflict settlement (assuming the talks continue at all). Not only are important groups entirely absent,⁵ but Damascus has also made it abundantly clear that it has no interest in power-sharing or a political transition — and therefore distanced itself from "its own" delegation.

Nevertheless, Syria's reconstruction is already well under way. Yet, it does not follow the standard approach of the international financial institutions (IFIs), which would revolve around a comprehensive nation-wide programme with central planning and management and international funding. Instead diverse actors implement a variety of projects, mainly at the local level. As a rule, they do not pay heed to the needs of the population. Instead, in the vast majority of cases, they serve to further specific inter-

1 See map on page 33.

2 There are also French special forces operating with the anti-IS coalition. See International Institute for Strategic Studies (IISS), "Chapter Seven: Middle East and North Africa", *The Military Balance* 120, no. 1 (2020): 324–87 (376ff.).

3 See Dareen Khalifa and Elizabeth Tsurkov, "Has Turkey's Incursion into Syria Opened the Door for an Islamic State Comeback?" *War on the Rocks*, Commentary, 21 February 2020, <https://warontherocks.com/2020/02/has-turkeys-incursion-into-syria-opened-the-door-for-an-islamic-state-comeback/> (accessed 26 February 2020); Jeff Seldin, "Islamic State Poised for Comeback, US Defense Officials Report", *Voice of America*, 4 February 2020, <https://www.voanews.com/middle-east/islamic-state-poised-comeback-us-defense-officials-report> (accessed 26 February 2020).

4 For the background see Muriel Asseburg, "Syria: UN Mediation at the Mercy of Regional and Major-Power Interests", in Muriel Asseburg, Wolfram Lacher and Mareike Transfeld, *Mission Impossible? UN Mediation in Libya, Syria and Yemen*, SWP Research Paper 8/2018 (Berlin: Stiftung Wissenschaft und Politik, October 2018), 28–43, https://www.swp-berlin.org/fileadmin/contents/products/research_papers/2018RP08_Ass_EtAl.pdf.

5 Missing in particular are the Kurdish-dominated self-administration of the Syrian Democratic Forces (SDF) and the strongest Kurdish party, the PYD. Nor is the dominant rebel formation in Idlib province, the Al-Qaeda offshoot Hay'at Tahrir al-Sham (HTS), involved in the talks. Unlike the Kurdish self-administration, however, HTS has expressed no interest in participation.

ests and priorities and as such largely represent the continuation of (civil) war with other means.⁶

Damascus aims to cement demographic changes, reward loyalty and compensate its international supporters.

The Syrian leadership initiated the reconstruction phase already in autumn 2017. Consolidating its grip on power is its prime concern. Rather than comprehensive nation-wide reconstruction, the objective is to employ limited means in a politico-economic logic. With most of Syria's oil and gas fields and agricultural land still outside the regime's control, its strategy concentrates on real estate and buildings. Reconstruction efforts are directed towards cementing the population transfers that have occurred in the course of fighting, forced displacement and so-called reconciliation agreements; rewarding the loyalty of old and new elites through lucrative investment opportunities; and compensating the regime's international supporters with access to Syria's resources.⁷ What the Syrian leadership has not initiated is any process addressing crimes committed during the conflict, transitional justice measures or reconciliation between the population groups, nor structural reforms to enhance inclusion, participation and rule of law. On the contrary, grave human rights violations and war crimes continue.⁸

⁶ See Khalil El-Hariri, "War by Other Means" (Beirut: Carnegie Middle East Centre, Diwan, 17 June 2019), <https://carnegie-mec.org/diwan/79297> (accessed 6 March 2020); Synaps Network, "War by Other Means — Syria's Economic Struggle", September 2019, <http://www.synaps.network/syria-economic-battleground> (accessed 30 January 2020); Raymond Hinnebusch, "The Battle over Syria's Reconstruction", *Global Policy* 11, no. 1 (2020): 113–23.

⁷ For an analysis of the regime's approach, see Salam Said and Jihad Yazigi, *The Reconstruction of Syria: Socially Just Re-Integration and Peace Building or Regime Re-Consolidation?* International Policy Analysis (Berlin: Friedrich Ebert Stiftung, December 2018), <http://library.fes.de/pdf-files/iez/14939.pdf> (accessed 6 March 2020).

⁸ The documented crimes committed in Syria by the regime and armed groups include in particular besiegement and starvation of civilian populations; deliberate targeting of civilians and civilian facilities; arbitrary detention, disappearance and torture; forced displacement and forced resettlement; looting; and the use of banned weapons. For a documentation see the regular reports at: United Nations Human Rights Council, "Independent International Com-

Politicised Reconstruction

In this vein, few of the development projects initiated by Damascus are designed to restore buildings and neighbourhoods for their former residents or to enable refugees and internally displaced persons (IDPs) to return. The intention instead is to consolidate patronage networks of old and new regime supporters in the population and among the economic elites. At the same time, population groups that are regarded as (potentially) unreliable experience collective punishment and displacement, especially in political and strategically important areas — such as the suburbs of Damascus. This approach will both deepen pre-existing socio-political cleavages and create new ones.

Since 2011 the regime has issued more than sixty laws and decrees regulating housing, land and property rights (HLP), urban planning, and investment issues.⁹ Together they form the legal framework for reconstruction and grant the government powers, such as the authority to designate development zones where private property can be expropriated.¹⁰

mission of Inquiry on the Syrian Arab Republic", <https://www.ohchr.org/EN/HRBodies/HRC/IICISyria/Pages/Documentation.aspx> (accessed 31 January 2020); on the use of chemical weapons: Organisation for the Prohibition of Chemical Weapons (OPCW), *OPCW Releases First Report by Investigation and Identification Team*, 8 April 2020, <https://www.opcw.org/media-centre/news/2020/04/opcw-releases-first-report-investigation-and-identification-team> (accessed 10 April 2020).

⁹ For details see the unpublished study by the Gesellschaft für Internationale Zusammenarbeit (GIZ), *Housing, Land and Property Issues in Syria and Resulting Fields of Actions for Ongoing or Planned Programs of German Development Cooperation* (May 2018).

¹⁰ This includes the internationally controversial Law No. 10 of April 2018 (amended in November 2018), which forms the basis for expropriations in connection with reconstruction. Further relevant provisions in this context include Law No. 3 of 2018, which empowers a government committee to earmark buildings for demolition; Decree 63, which enables the government to freeze assets and seize property of (alleged) members of the opposition under the Counter-terrorism Law of 2012, and Decree 66 of 2012 on development zones. See Human Rights Watch, *Rigging the System: Government Policies Co-Opt Aid and Reconstruction Funding in Syria* (June 2019), 43–46, https://www.ecoi.net/en/file/local/2012220/syria0619_web4.pdf (accessed 30 January 2020); Human Rights Watch, "Q&A: Syria's New Property Law", 29 May 2018, <https://www.hrw.org/news/2018/05/29/qa-syrias-new-property-law> (accessed 30 January 2020); Joseph Daher, *Decree 66 and the Impact of Its National Expansion*

Damascus has used these powers not only to seize land and buildings on a large scale without adequate transparency or compensation (and as such prevented IDPs and refugees returning to strategic locales),¹¹ but also demolished whole neighbourhoods, above all in the Damascus suburbs, in Homs and in East Aleppo. Rather than repairing war damage, such state development projects are designed to alter the composition of the population, generally to the detriment of groups perceived as poorer and less loyal. Many Syrians find it impossible to register property rights because they live (or lived) in informal settlements without deeds, or because their documents were lost while fleeing or through the destruction of land registries. It is estimated that informal settlements account for at least 30 to 40 percent of Syria's housing.¹² In addition, logistical difficulties and security concerns leave many IDPs and refugees unable to make an appointment with the authorities.

Regime supporters among the economic elites are offered profitable investment opportunities, often in luxury housing developments.¹³ In the process members of the old elites and a new class of war profiteers have acquired monopolies in central sectors of the economy; the president's cousin Rami Makhluf and Mohamed Hamsho belong to the former, Samer al-Foz

and the Katerji brothers to the latter. This has occurred in an economy suffering under sanctions, capital flight and contraction as a result of the armed conflict and international punitive measures, and plagued more strongly than ever by nepotism, corruption, lawlessness, informality, criminality and legal insecurity. A central role is played by the "conflict elites",¹⁴ in the sense of local actors whose relationships to politicians, the administration, the security apparatus and local militias allowed them to play a decisive role during the fighting, mediating transactions for example between areas controlled by different forces or with foreign entities. They now play a prominent role in reconstruction, even if the government does also take targeted action against prominent individuals in these circles.¹⁵

On the other side, attempts to persuade Syrian entrepreneurs living abroad to begin investing in Syria again have failed to date. The principal reason for this is the country's politico-economic circumstances, which in addition to the aforementioned problems also include a restrictive investment environment and a lack of reliable property guaran-

(Washington, D.C.: Atlantic Council, 7 March 2018), <https://atlanticcouncil.org/blogs/syriasource/decreed-66-and-the-impact-of-its-national-expansion/> (accessed 30 January 2020); "Amendments to Law No. 10/2018 and Legislative Decree No. 66/2012 in Syria", *Syrian Legal Development Programme – Human Rights and Business Unit*, <https://www.hrbu.syrianldp.com/post/amendments-to-law-nr-10-2018-and-legislative-decree-nr-66-2012-in-syria> (accessed 30 January 2020).

¹¹ Human Rights Watch, *Syria: Residents Blocked From Returning* (16 October 2018), <https://www.hrw.org/news/2018/10/16/syria-residents-blocked-returning> (accessed 30 January 2020).

¹² Samir Aita, "Reconstruction as a Political-Economy Issue: The Case of Syria", *Cairo Review of Global Affairs*, 18 September 2019, <https://www.thecaireview.com/tahrir-forum/reconstruction-as-a-political-economy-issue-the-case-of-syria/> (accessed 30 January 2020).

¹³ This applies for example to the Marota City project in the Damascus suburb of Basateen al-Razi, see "Luxury Marota City Project Shows Blueprint for Syria's Rebuilding Plans", *Arab News*, 6 November 2018, <https://www.arabnews.com/node/1399411/middle-east> (accessed 30 January 2020); Rashmee Roshan Lall, "Rebuilding Syria, One Luxury Hotel at a Time", *Arab Weekly*, 21 September 2019, <https://the arab weekly.com/rebuilding-syria-one-luxury-hotel-time> (accessed 30 January 2020).

¹⁴ Samer Abboud, *The Economics of War and Peace in Syria* (New York: Century Foundation, Report 31 January 2017), <https://tcf.org/content/report/economics-war-peace-syria/?agreed=1> (accessed 30 January 2020).

¹⁵ See also the unpublished study by the Syrian consulting firm Etana, *The Business Base of the Syrian Regime: Frontmen, Shell Companies and Reconstruction* (May 2019). In the course of 2019 the Syrian leadership began taking very public action against members of the business elites. This included action against corruption and money laundering, enforcing taxes and levies, and confiscating assets. It does not, however, represent a fundamental untangling of the intimate networks of political and economic elites. See, for example, "Assad Orders Measures against Rami Makhlouf's Companies", *Asharq Al-Awsat*, 27 August 2019, <https://aawsat.com/english/home/article/1875991/assad-orders-measures-against-rami-makhlouf%E2%80%99s-companies> (accessed 30 January 2020); Chloe Cornish, "The Men Making a Fortune from Syria's War", *Financial Times*, 3 October 2019, <https://www.ft.com/content/525ec4e4-e4a3-11e9-9743-db5a370481bc> (accessed 30 January 2020); "Syrian Government Seizes Assets of Businessman Rami Makhlouf", *Al Jazeera*, 24 December 2019, <https://www.aljazeera.com/news/2019/12/syrian-government-seizes-assets-businessman-rami-makhlouf-191224155408157.html> (accessed 30 January 2020); Kheder Khaddour, "The Wrath of Caesar", *Diwan blog* (Carnegie Middle East Center, 1 June 2020), <https://carnegie-mec.org/diwan/81946> (accessed 10 July 2020).

tees.¹⁶ Transparency International ranked Syria as the world's third most corrupt country in 2019.¹⁷ According to the Economist Intelligence Unit (EIU), the draft investment law published in 2019 would at least slightly improve the investment environment. It is designed to reduce bureaucracy and create incentives by reducing import tariffs and improving access to financing.¹⁸ Still, Syria occupies 176th place (out of 190) in the World Bank's "Doing Business 2020" Ranking.¹⁹ Even if individual improvements were achieved in 2018/2019,²⁰ substantial progress on repatriating capital is unlikely without significantly deeper reforms that would make guarantees against asset seizures credible.²¹

International Aid on a Short Leash

At the same time, the legal and political framework for international assistance established by the regime ensures that, in the areas it controls, humanitarian and development organisations cannot operate independently.

The regime decides who supplies international aid, where it goes, and who profits.

Damascus decides who supplies international aid, where it goes, and who profits. In this way it can be

16 Joseph Daher, *The Political Context of Syria's Reconstruction: A Prospective in Light of a Legacy of Unequal Development* (Florence: European University Institute [EUI], December 2018), <https://cadmus.eui.eu/handle/1814/60112> (accessed 6 March 2020).

17 Transparency International, *Corruption Perception Index 2019*, <https://www.transparency.org/cpi2019> (accessed 26 February 2020).

18 Economist Intelligence Unit (EIU), *Country Report Syria* (January 2020), 6.

19 World Bank Group, *Doing Business 2020*, https://www.doingbusiness.org/content/dam/doingBusiness/pdf/db2020/Doing-Business-2020_rankings.pdf (accessed 26 February 2020).

20 World Bank Group, *Economy Profile Syrian Arab Republic – Doing Business 2020*, 61, <https://www.doingbusiness.org/content/dam/doingBusiness/country/s/syria/SYR.pdf> (accessed 26 February 2020).

21 Abboud, *The Economics of War and Peace in Syria* (see note 14); Katherine Nazemi and Alexander Decina, "No Business as Usual in Syria" (Washington, D.C.: Carnegie Endowment for International Peace, Sada Blog, 20 June 2019), <https://carnegieendowment.org/sada/79351> (accessed 6 March 2020).

sure that humanitarian aid is distributed as it would wish — to secure the allegiance of businesspeople and population groups regarded as loyal, and to punish others. The latter applies in particular to residents of former rebel strongholds such as the Damascus suburb of Duma and East Aleppo.²²

In this vein, the regime places heavy restrictions on international organisations, especially their access to population groups in need of assistance. It regularly denies requests for field visits, needs assessments, monitoring and evaluation (or simply ignores them), and the same applies to permission to conduct cross-frontline operations.²³ In order to carry out their work, international organisations are required to cooperate with local partners approved by the regime. These are the relevant ministries, the Syrian Arab Red Crescent (SARC) and "NGOs" like the *Syria Trust for Development*, which is headed by the president's wife Asma al-Assad who is subject to EU and US sanctions.²⁴ These actors

22 For an analysis of this approach and examples of how international aid is distributed in terms of regime stability rather than need, see Haid Haid, *Principled Aid in Syria: A Framework for International Agencies* (London: Chatham House, July 2019), 5–10, <https://www.chathamhouse.org/sites/default/files/2019-07-04-PrincipledAidSyria.pdf> (accessed 30 March 2020); Human Rights Watch, *Rigging the System* (see note 10).

23 According to Haid Haid, for example, in 2015 the Syrian leadership ignored no less than 75 percent of UN requests to supply aid, and only half of the requests which were answered actually resulted in a delivery; see Haid, *Principled Aid in Syria* (see note 22), 6. In 2017 Damascus approved only 27 percent of UN requests to supply aid, in the first four months of 2018 just 7 percent, see Lisa Barrington, "2018 Worst Year in Syria's Humanitarian Crisis: U.N. Official", *Reuters*, 18 May 2018. According to humanitarian organisations the access situation has not improved noticeably since then; telephone conversation between author and representative of Human Rights Watch, February 2020. On Damascus's politicisation of humanitarian aid see also José Ciro Martínez and Brent Eng, "The Unintended Consequences of Emergency Food Aid: Neutrality, Sovereignty and Politics in the Syrian Civil War, 2012–15", *International Affairs* 92, no. 1 (2016): 153–73; Reinoud Leenders and Kholoud Mansour, "Humanitarianism, State Sovereignty, and Authoritarian Regime Maintenance in the Syrian War", *Political Science Quarterly* 133, no. 2 (2018): 225–57, <https://onlinelibrary.wiley.com/doi/full/10.1002/polq.12773> (accessed 10 April 2020).

24 For an overview of needs, donors, regional distribution and implementation partners for international aid, see UN OCHA, "Syrian Arab Republic — Organizations Implementing Humanitarian Activities Based within Syria", 2019, <http://www.ocha-sy.org/4wspresence2019.html>; idem., "Inter-

are often under the influence of the security apparatus — which is responsible for grave human rights violations — and/or function as fronts for government officials, army officers or militias. The programmes of international organisations and their concrete execution have to be approved in detail — and sometimes also implemented — by these gatekeepers. What is more, Damascus has also undermined the independence of international organisations, for example by intervening in their recruitment and procurement to the benefit of pro-regime entrepreneurs (some of whom are subject to EU/US sanctions). This diverts international aid to finance those responsible for human rights violations, at least to an extent.

active Humanitarian Response Dashboard (within Syria)", 2019, <http://www.ocha-sy.org/4wsresponse2019.html>; idem., "Syrian Arab Republic — Communities and Key Facts (HNO 2019)", 2019, <http://www.ocha-sy.org/findlocation.html> (all accessed 31 January 2020); on cooperation with front organisations of the Assad regime, see also Khaled Yacoub Oweis, "UNHCR on Aid to Syria: What's Important Is to Deliver", *The National*, 15 July 2019, <https://www.thenational.ae/world/mena/unhcr-on-aid-to-syria-what-s-important-is-to-deliver-1.886179> (accessed 6 March 2020).

The Context: The Interests of Regional and Global Powers

Russia and Iran

The regime in Damascus has made it abundantly clear that it will accept foreign engagement in reconstruction only from countries that took its side in the civil war and grant assistance without conditionality.²⁵ But Russia and Iran are struggling with their own economic crises, also caused in part by sanctions. They are in no position to fund a comprehensive reconstruction in Syria. Rather, the memoranda of understanding (MoUs) that Tehran and Moscow have signed with Damascus have two principal aims: Both governments want to recoup the costs of participating in the war through resource extraction and a share in lucrative investment projects. And both are looking to secure their long-term strategic interests with military bases and control of ports and transport links. At the same time the interests and strategic objectives of the Assad regime's two main partners are not always identical but at times contradictory.²⁶ Russia prioritises reinforcing (central) state functions and has

concentrated on reforming and upgrading the Syrian security sector.²⁷ Iran places greater weight on strengthening allied militias and bolstering its ties with local communities to entrench its influence in Syria.

Both countries have signed MOUs on investments in Syria. These concentrate on the oil, gas, minerals, electricity, agriculture and tourism sectors. In some cases Iran and Russia find themselves competing over profitable concessions, above all for phosphate mining and in the oil and gas sector.²⁸ Tehran has signed MoUs with Damascus to develop the port at Latakia, construct several power stations and establish a third mobile phone network. Moscow has secured agreements to expand and manage the naval base at Tartus, mine phosphates near Palmyra and operate a fertiliser plant in Homs. Russia has also secured exclusive exploration and drilling rights for oil and gas in Syria and its coastal waters. Iran has made slower progress than Russia on realising economic projects, but remains influential as a major trading partner and supplier of petroleum products.

25 See for example the statement by the Syrian prime minister: "Khamis: Investment Opportunities Will Be Given to Countries That Stood by Syria", SANA (Syrian Arab News Agency), 8 August 2017, <https://sana.sy/en/?p=111457> (accessed 26 February 2020).

26 For more detail on the different approaches and methods employed by Moscow and Tehran, see Sinan Hatahet, *Russia and Iran: Economic Influence in Syria* (London: Chatham House, March 2019), <https://www.chathamhouse.org/publication/russia-and-iran-economic-influence-syria> (accessed 26 February 2020); Faysal Itani, "Geo-Economics: Russia and Iran in Syria" (Washington, D.C.: Atlantic Council, 17 May 2019), <https://www.atlanticcouncil.org/insight-impact/in-the-news/faysal-itani-in-syria-studies-geo-economics-russia-and-iran-in-syria/> (accessed 26 February 2020); Anton Mardasov, "Are Russia, Iran Engaged in Tug of War over Syria?" *Al Monitor*, 30 January 2019, <https://www.al-monitor.com/pulse/fa/originals/2019/01/russia-iran-syria-rivalry.html> (accessed 31 January 2020).

27 See Yuri Barnim, *Reforming the Syrian Arab Army: Russia's Vision*, Discussion Paper 4 (Geneva and Istanbul: Geneva Center for Strategic Policy [GCSP] and Omran Centre for Strategic Studies, March 2019), 3f., <https://dam.gcsp.ch/files/2y10s7R3ZIZ5bgMFacQKkFx7E3XAdDccH5OSWyZGupATjEocJRepTEy> (accessed 2 March 2020). On Russia's interests and approaches in general, also Joost Hiltermann, Andrey Kortunov, Ruslan Mamedov and Tatyana Shmeleva, *Squaring the Circle: Russian and European Views on Syrian Reconstruction* (Moscow: Russian International Affairs Council, 5 June 2019), https://russiancouncil.ru/en/activity/publications/squaring-the-circle-russian-and-european-views-on-syrian-reconstruction/?sphrase_id=29878654 (accessed 31 January 2020).

28 Hamidreza Azizi and Leonid Issaev, *Russian and Iranian Economic Interests in Syria (Pre-2010 and Intra-war Period)*, Discussion Paper 8 (Geneva and Istanbul: GCSP and Omran Centre for Strategic Studies, May 2019), <https://dam.gcsp.ch/files/2y10n1GNuebj3zh4kU5wS7N66uuFm35TYDmJj09jyzKVQYbDo07vybkfq> (accessed 24 March 2020).

Iran has also granted the Assad regime sizeable loans in recent years, while Russia supplied financial resources to support the currency. But neither possesses the resources to finance Syria's reconstruction. As a consequence Moscow has been seeking to persuade others to shoulder that burden, directing its requests in particular to Europe and the Arab Gulf states. The Russians calculate that this would not only reduce their own burden in stabilising the country, but also potentially pave the way for the international rehabilitation of Bashar al-Assad. Moscow has clearly communicated to Europe that it expects it to dismantle sanctions and support reconstruction – and that these steps are in Europe's own interest because, the Kremlin argues, that is the only plausible path to stability and eventually allowing the refugees to return.²⁹

Turkey

Turkey is the main international actor engaged in actual reconstruction in Syria. But its activities are restricted to the areas of northern Syria that it brought under its control – along with the allied militias of the Syrian National Army (SNA, which emerged from the Free Syrian Army, FSA) – in the course of the military interventions of 2016, 2018 and 2019.³⁰ Ankara's prime objective is to permanently prevent a contiguous Kurdish self-administration under the

dominant Kurdish PYD party, and to create instead an alternative local elite loyal to Turkey.

Accordingly, Turkey has established new security structures in the areas it controls. The SNA is de facto under Ankara's command. Turkey is also training civil police to deploy there, and has established military police units to tackle excesses committed by SNA forces.³¹ And it has replaced the institutions of the PYD-dominated self-administration with local councils that exclude not only the PYD but also representatives of the Kurdish National Council (KNC) and Kurdish activists who are critical of Turkey. The opposition Syrian Interim Government (SIG) plays only a nominal role. The new structures created by Ankara are largely integrated into the Turkish administration. Like the security structures they are funded mainly by revenues from the Turkish-Syrian border crossings.

Turkey coordinates and controls humanitarian aid on the ground through its disaster and emergency agency AFAD. It has also invested massively in infrastructure rehabilitation, education and health – above all in the area occupied in 2016 in Operation Euphrates Shield – in order to provide public services to the population. Neighbouring Turkish provinces and entrepreneurs are active there. Armed groups also play a prominent role in economic relations. The involved Turkish actors see Syria above all as a market for Turkish products and an investment opportunity for Turkish capital. Their interest in reviving local economic structures is less enthusiastic. What is more, against the backdrop of the meltdown of Syria's currency, over the last few years the use of the Turkish lira has become widespread in the areas controlled by Turkey or allied militias.³²

In northern Syria Ankara apparently wants a buffer zone under permanent Turkish control.

In the course of Turkey's military operations local Kurds were expelled from Kurdish-majority areas (and not all of them have been allowed to return since). In their place IDPs have been resettled, for example

29 "Putin Urges Europe to Help Rebuild Syria So Refugees Can Return", *Guardian*, 18 August 2018, <https://www.theguardian.com/global/2018/aug/18/putin-urges-europe-to-help-rebuild-syria-so-refugees-can-return> (accessed 31 January 2020); Diana Hodali, "Rebuilding Assad's Syria: Who Should Foot the Bill?", *Deutsche Welle*, 8 September 2018, <https://www.dw.com/en/rebuilding-assads-syria-who-should-foot-the-bill/a-45389963> (accessed 31 January 2020).

30 See Map on page 33. On the different circumstances and approaches in the areas under Turkish control, see Khayrallah al-Hilu, *Afrin under Turkish Control: Political, Economic and Social Transformations* (Florence: EUI, July 2019), <https://cadmus.eui.eu/handle/1814/63745> (accessed 10 March 2020); Engin Yüksel and Erwin van Veen, *Turkey in Northwestern Syria* (The Hague: Clingendael, 4 June 2019), https://www.clingendael.org/sites/default/files/2019-06/PB_Turkey_in_Northwestern_Syria_June_2019.pdf (accessed 10 March 2020); Gregory Waters, *Between Ankara and Damascus: The Role of the Turkish State in North Aleppo*, (Washington, D.C.: Middle East Institute, 20 June 2019), <https://www.mei.edu/publications/between-ankara-and-damascus-role-turkish-state-north-aleppo> (accessed 6 March 2020).

31 Al-Hilu, *Afrin Under Turkish Control* (see note 30), 5f.

32 Marie Jégo and Laure Stephan, "La Turquie consolide sa présence en Syrie à travers sa monnaie", *Le Monde*, 7 July 2020, 5.

from the suburbs of Damascus and Aleppo.³³ It would also appear that Ankara's plan to resettle Syrian refugees in north-eastern Syria is intended not only to reduce the financial and societal costs of accommodating them in Turkey but also to permanently alter the composition of the region's population to the detriment of the Kurds.³⁴

In principle Ankara's approach in northern Syria appears to be driven by the intention to establish a buffer zone under permanent Turkish control. That is a venture that would create lasting conflict between Ankara and Damascus. The risk of a protracted guerrilla conflict is also present: already, the PYD's People's Protection Units (Yekîneyên Parastina Gel, YPG) have responded to Turkish military and cleansing operations with attacks intended to destabilise Ankara's occupation, reconstruction projects and the local councils it established. Turkey's military operations in cooperation with the SNA have also further exacerbated ethnic tensions between Kurds and Arabs in Syria.

China

Beijing has expanded its humanitarian aid in Syria since 2017, and laid the groundwork for future economic relations.³⁵ That year China hosted a trade fair on Syria reconstruction projects and committed US\$2 billion for establishing industrial parks there. In 2018 it promised US\$23 billion in loans and donations for Arab countries, including Syria. Business delegations have visited in both directions. China's policy towards Syria is largely guided by two objectives. Firstly Beijing wants to develop an economic partnership compatible with its Belt and Road Initiative (BRI). In that context China has been expanding the Mediterranean

port of Tripoli (Lebanon) since 2012 and expressed interest in reopening the Tripoli-Homs railway line. Secondly Beijing also hopes that good relations with Damascus will help it to suppress transnational jihadism, specifically preventing the return of Uighurs who have been fighting with the jihadist rebels in Syria.

But when it comes to actually going ahead with major investments in Syria, China has been cautious. Few of its promises of aid, investment and loans have actually materialised. And major Chinese investments in Syria are unlikely as long as the security situation remains unstable, the economic structures are characterised by legal insecurity, corruption and nepotism, and Chinese labour and capital would therefore be at risk. Washington's secondary sanctions are also likely to deter China from cooperating with Damascus; one indication of this is the withdrawal of companies that have apparently been operating as fronts for the Chinese technology company Huawei in Syria and Iran.³⁶

Arab Gulf states

The Arab Gulf states were Syria's biggest investors until 2011. But they too have hesitated to re-engage. The United Arab Emirates (UAE) and Bahrain did execute a U-turn at the end of 2018, reopening their embassies in Damascus and signing various MOUs with the Syrian regime during a series of mutual visits.³⁷ The Gulf states — together with Egypt and

³³ Even before Turkey's military operations, flight and forced displacement had caused significant changes in the composition of the population in the Kurdish-dominated areas. See overview in al-Hilu, *Afrin under Turkish Control* (see note 30), 14ff.

³⁴ Sinem Adar, *Repatriation to Turkey's "Safe Zone" in Northeast Syria*, SWP Comment 1/2020 (Berlin: Stiftung Wissenschaft und Politik, January 2020), <https://www.swp-berlin.org/10.18449/2020C01/> (accessed 10 March 2020).

³⁵ For more detail, see John Calabrese, *Syria and China: In War and Reconstruction* (Washington, D.C.: Middle East Institute, July 2019), <https://www.mei.edu/publications/china-and-syria-war-and-reconstruction> (accessed 31 January 2020), also for the figures in the following.

³⁶ Steve Stecklow, Babak Dehghanpisheh and James Pomfret, "Exclusive: New Documents Link Huawei to Suspected Front Companies in Iran, Syria", *Reuters*, 8 January 2019, <https://www.reuters.com/article/us-huawei-iran-exclusive/exclusive-new-documents-link-huawei-to-suspected-front-companies-in-iran-syria-idUSKCN1P21MH>; Steve Stecklow and Moira Warburton, "Key Events in Huawei CFO Meng Wanzhou's Extradition Case", *Reuters*, 20 January 2020, <https://www.reuters.com/article/us-usa-huawei-tech-events-timeline/key-events-in-huawei-cfo-meng-wanzhou-extra-dition-case-idUSKBN1ZJ15Z>; Pan Yuanyuan, "The Looming Threat of Sanctions for Chinese Companies in Iran", *The Diplomat*, 1 February 2020, <https://thediplomat.com/2020/02/the-looming-threat-of-sanctions-for-chinese-companies-in-iran/> (all accessed 3 February 2020).

³⁷ Taylor Luck, "Postwar Syria? Arab World Moving to Bring Damascus Back into the Fold", *Christian Science Monitor*, 19 January 2019, <https://www.csmonitor.com/World/Middle-East/2019/0117/Postwar-Syria-Arab-world-moving-to-bring-Damascus-back-into-the-fold>. For more detail on the UAE, see Joseph Daher, *The Dynamics and Evolution of UAE-Syria Relations: Between Expectations and Obstacles* (Florence: EUI, October 2019);

Jordan and with Russian support — have also argued for Syria's suspension from the Arab League to be lifted, to date without success.³⁸ The background here is that the Gulf monarchies possess a great interest in curtailing Iranian and Turkish influence in Syria — even if they have themselves begun to seek an understanding with Tehran in light of Washington's increasingly erratic policy in the Gulf. But few Gulf Arab investment projects in Syria have yet been operationalised, let alone realised. And the aforementioned obstacles created by secondary sanctions and Syria's politico-economic structures also hinder financial flows from the Gulf monarchies (and from other potentially interested countries). It also seems as if Washington may have intervened directly, in particular to block any thawing of relations between Syria and Saudi Arabia.³⁹ An additional factor is that the state budgets of the Gulf monarchies have been drained by the repercussions of the Covid-19 pandemic, in particular the collapse of oil sales and the

likely loss of pilgrimage revenues. This will also constrain the ability of these states to raise significant sums for Syrian reconstruction at least in the short to medium term.

Syria's Neighbours

Other countries in the region possess a strong interest in seeing the country stabilise, refugees return and bilateral trade relations resume. This applies first and foremost to Syria's neighbours Lebanon, Jordan and Iraq. Lebanon in particular hopes to profit directly from Syrian reconstruction. But that does not mean that any of the three can be expected to make relevant investments, given that they are each facing their own serious economic and internal challenges. Israel is the only neighbour with which Syria is officially at war, having occupied the Syrian Golan Heights since 1967 (and annexed the territory in 1981). Israel has no intention (or possibility) of becoming involved in reconstruction. But it can be expected to continue its efforts to weaken Iran's diplomatic and military influence in Syria.⁴⁰

The United States

Since 2017 the United States under President Donald Trump has successively scaled down its ambitions in Syria. Today it is involved above all to prevent a resurgence of IS and to counter Iranian influence. In this vein, it is engaged on the ground, with patrols in north-eastern Syria, a presence in al-Tanf on the Iraqi border, and limited stabilisation assistance in the areas liberated from IS east of the Euphrates. It also supplies humanitarian aid.⁴¹ At the same time, Washington has clearly signalled its lack of interest in con-

Kinda Makieh, "UAE Firms Scout Trade at Syria Fair, Defying U.S. Pressure", *Reuters*, 31 August 2019, <https://www.reuters.com/article/us-syria-emirates/uae-firms-scout-trade-at-syria-fair-defying-u-s-pressure-idUSKCN1VL0HB>. For Bahrain, "Damascus 'Grants Bahraini Royal' Lucrative Business Deal as Gulf Regimes Rally round Syria's Assad", *New Arab*, 3 April 2019, <https://www.alaraby.co.uk/english/news/2019/4/3/syria-regime-rewards-bahraini-rapprochement-with-royal-business-deal> (all accessed 30 March 2020).

38 Khaled Yacoub Oweis, "Support Lacking to Readmit Syrian Regime to Arab League, Group's Head Says", *The National*, 25 December 2019, <https://www.thenational.ae/world/support-lacking-to-readmit-syrian-regime-to-arab-league-group-s-head-says-1.955909> (accessed 31 January 2020). For Egypt David Awad, "The Business of War: Egypt, Others Eye Reconstruction Bids", *Al Monitor*, 12 September 2017, <https://www.al-monitor.com/pulse/fr/originals/2017/09/egypt-invest-reconstruction-process-syria-iraq.html#ixzz6CcBQmmns> (all accessed 31 January 2020).

39 Daher, *The Dynamics and Evolution of UAE-Syria Relations* (see note 37), 12; "U.S. Pressing Gulf States to Keep Syria Isolated: Sources", *Reuters*, 19 February 2019, <https://www.reuters.com/article/us-mideast-crisis-syria-gulf/u-s-pressing-gulf-states-to-keep-syria-isolated-sources-idUSKCN1Q70VO>; Hussein Bakeer and Giorgio Cafiero, "Bashar al-Assad and the Greater Arab World", Atlantic Council website, 8 February 2019, <https://www.atlanticcouncil.org/blogs/syriasource/bashar-al-assad-and-the-greater-arab-world/>; Sami Moubayed, "Iran Ties Hinder Gulf Normalisation with Syria", *Arab Weekly*, 22 December 2019, <https://the arabweekly.com/iran-ties-hinder-gulf-normalisation-syria> (all accessed 30 March 2020).

40 Gil Murciano, *Preventing a Spill-over of the Iran-Israel Conflict in Syria: E3 + Russia Should Lead the Way Out*, SWP Comment 27/2018 (Berlin: Stiftung Wissenschaft und Politik, July 2018), <https://www.swp-berlin.org/en/publication/preventing-a-spillover-of-the-iran-israel-conflict-in-syria/> (accessed 10 April 2020).

41 "House Hearing on U.S. Policy towards Syria" [video], C-Span, 23 October 2019, <https://www.c-span.org/video/?465609-1/house-hearing-us-policy-syria> (accessed 27 February 2020); Congressional Research Service (CRS), *Armed Conflict in Syria: Overview and U.S. Response*, CRS Report (Washington, D.C., 12 February 2020), <https://fas.org/sgp/crs/mideast/RL33487.pdf> (accessed 27 February 2020).

tributing to Syria's reconstruction.⁴² Instead in 2019 it expanded its "maximum pressure" campaign to Syria with a new set of direct and secondary sanctions (so-called Caesar sanctions), warning others against cooperating with the Assad regime or with individuals responsible for grave human rights violations.⁴³ In June 2020, the sanctions and a first batch of designations of individuals and entities went into effect.⁴⁴

Interim Conclusion

The regional and global powers involved in Syria have irreconcilable geopolitical interests and visions for Syria's political and societal order. In addition, the impact of the Covid-19 pandemic will significantly reduce the revenues of the Arab Gulf states, which could otherwise (at least theoretically) have been potential investors. Thus sufficient funding for early and comprehensive reconstruction should not be expected. Rather both the Syrian leadership and

external actors treat reconstruction as the continuation of (civil) war by other means. Tensions are likely to grow — even between Damascus and its allies in Moscow and Tehran — concerning priorities, approaches and profits. Even after the fighting has ended rehabilitation and reconstruction will therefore remain fragmented, localised and driven by particular interests. The needs of local populations, as well as those of refugees and IDPs, are likely to come second to profit-seeking and politico-economic and geostrategic interests. The political and social dimensions of reconstruction (transitional justice, reconciliation) will remain absent.⁴⁵ This is unlikely to lead to long-term stabilisation.

⁴² See, for example, Natasha Turak, "No US Assistance on Syria Reconstruction until Iran Is Out: Top US Diplomat", *CNBC*, 19 January 2019, <https://www.cnn.com/2019/01/12/no-us-assistance-on-syria-reconstruction-until-iran-is-out-top-us-diplomat.html> (accessed 31 January 2020); Karen DeYoung and Shane Harris, "Trump Instructs Military to Begin Planning for Withdrawal from Syria", *Washington Post*, 5 April 2018, https://www.washingtonpost.com/world/national-security/trump-instructs-military-to-begin-planning-for-withdrawal-from-syria/2018/04/04/1039f420-3811-11e8-8fd2-49fe3c675a89_story.html (accessed 26 February 2020).

⁴³ US Congress, "Title LXXIV — Caesar Syria Civilian Protection Act of 2019", *National Defense Authorization Act for Fiscal Year 2020* (December 2019), 2611 — 35, <https://rules.house.gov/sites/democrats.rules.house.gov/files/CRPT-116hrpt333.pdf> (accessed 29 January 2020); see also the Statement of Secretary of State Pompeo, U.S. State Department, "Passage of the Caesar Syria Civilian Protection Act of 2019", press statement Michael R. Pompeo, Secretary of State, 20 December 2019, <https://www.state.gov/passage-of-the-caesar-syria-civilian-protection-act-of-2019/> (accessed 29 January 2020).

⁴⁴ U.S. State Department fact sheet: <https://www.state.gov/caesar-syria-civilian-protection-act/>; for the initial round of designations: <https://www.state.gov/syria-caesar-act-designations/>. For the US approach see also the transcript of an event at the Hudson Institute with US Syria envoy James Jeffrey, 12 May 2020, <https://www.hudson.org/research/16032-transcript-maximum-pressure-on-the-assad-regime-for-its-chemical-weapons-use-and-other-atrocities> (all accessed 11 July 2020).

⁴⁵ On the irreconcilable geopolitical interests of the relevant actors and the resulting discrepancy between challenges and offers in connection with reconstruction, see also Erwin van Veen, *The Geopolitics of Syria's Reconstruction: A Case of Matryoshka* (The Hague: Clingendael, April 2019).

Challenges of Reconstruction

It is estimated that reconstruction will cost US\$250 to US\$400 billion or even US\$1 trillion, depending on the source.⁴⁶ But what does reconstruction actually mean? The armed conflict that began in 2011 following the violent suppression of a protest movement leaves Syria facing enormous challenges. These, the relevant UN institutions, the World Bank, researchers and Syrian civil society largely agree, extend far beyond mine clearance and physical reconstruction of infrastructure and housing.⁴⁷ In particular it is necessary to create the conditions for the different parts of society to live together in peace, to compensate the losses of human capital and human development, and to restart the economy and basic public services.

War Damage and Its Consequences

The war has wreaked great destruction on Syria's infrastructure. The energy sector (including oil and gas production and electricity generation) has been especially badly affected, as have transport links,

water and sewerage. Housing, health, education and agriculture have also suffered massively. The destruction is very unevenly distributed. The worst damage is concentrated in areas that were contested, sometimes for years, and recaptured by the regime and its allies from the rebels or the IS. This applies in particular to the eastern suburbs of Damascus, to the Yarmouk refugee camp at the southern periphery of the capital, and to East Aleppo, Al-Raqqa, Homs and Hama.

Almost all the provincial capitals have been battlefields at some point during the civil war; many historical centres (such as the ancient city of Aleppo, which is listed as world heritage by UNESCO, and the historic centre of Homs) have been gravely damaged or destroyed, as have the ancient sites of Palmyra. On the peripheries, whole neighbourhoods and suburbs lie empty and ruined. In Homs, Al-Raqqa, parts of Aleppo and the suburbs of Damascus, aerial bombing has caused destruction comparable to that of the Second World War in Europe. By 2017 the World Bank estimated that almost 30 percent of Syria's buildings had been heavily damaged or destroyed.⁴⁸ In spring 2019 a UN report took stock of 140,000 buildings that had been damaged, of which 40,000 had been completely destroyed and another 50,000 severely affected.⁴⁹ Services including healthcare, education, drinking water and electricity are severely restricted, especially in the (formerly) contested areas. According to the UN, by 2018 the fighting had left almost half the country's health facilities impaired or inoperable and one-third of schools destroyed or damaged. More than

⁴⁶ US\$250 billion: "Security Council Briefing on the Situation in Syria, Special Envoy Staffan de Mistura", *United Nations Department of Political Affairs*, 27 November 2017, <https://www.un.org/undpa/en/speeches-statements/27112017/syria> (accessed 28 January 2020); US\$400 billion: "President al-Assad in Interview to Russian NTV Channel: Any Constitutional Reform in Syria Is a Wholly Syrian Matter", SANA, 24 June 2018, <https://sana.sy/en/?p=140830> (accessed 28 January 2020); US\$1 trillion: "Syria Needs \$1 Trillion Dollars to Rebuild from the Ashes (and China Is Waiting)", *National Interest*, 6 February 2017, <https://nationalinterest.org/blog/the-buzz/syria-needs-1-trillion-dollars-rebuild-the-ashes-china-19337> (accessed 28 January 2020). See also Sharmila Devadas, Ibrahim Elbadawi and Norman V. Loayza, *Growth after War in Syria* (Washington, D.C.: World Bank Group, Development Research Group, August 2019), 3, <http://documents.worldbank.org/curated/en/424551565105634645/pdf/Growth-after-War-in-Syria.pdf> (accessed 26 February 2020).

⁴⁷ See the literature discussed in this section.

⁴⁸ World Bank, *The Toll of War: The Economic and Social Consequences of the Conflict in Syria* (Washington, D.C., 10 July 2017), v–x, 17–75, <https://www.worldbank.org/en/country/syria/publication/the-toll-of-war-the-economic-and-social-consequences-of-the-conflict-in-syria> (accessed 29 January 2020).

⁴⁹ For detail on damage, see United Nations Institute for Training and Research, *Syrian Cities Damage Atlas* (March 2019), https://reliefweb.int/sites/reliefweb.int/files/resources/reach_thematic_assessment_syrian_cities_damage_atlas_march_2019_reduced_file_size_1.pdf (accessed 29 January 2020).

50 percent of the sewerage system was operating at reduced capacity or not at all, with about 70 percent of waste water discharged untreated.⁵⁰

More than half the remaining population lives in areas with high risks from unexploded ordnance.

In Homs for example, UN Habitat reports that almost 54 percent of the buildings are no longer habitable. Some 60 percent of neighbourhoods are no longer functional, because their infrastructure has been destroyed and basic services are lacking. As a result about 40 percent of the residents have moved to other neighbourhoods or fled the city altogether.⁵¹ In the Yarmouk refugee camp and the surrounding areas of Damascus about 80 percent of the buildings have been destroyed; of the roughly original 800,000 inhabitants only about 1,000 remained.⁵² In Aleppo the population fell from about 2.5 to 1.6 million, in the eastern suburbs of Damascus from about 390,000 to 270,000.⁵³ The decline was especially dramatic in specific suburbs of the capital: in Duma from about 120,000 (2004) to 40,000 (2019), in Harasta from 80,000 to 2,600 and in Arbin from 90,000 to 19,000.⁵⁴

These places are also especially severely affected by landmines, IEDs and unexploded ordnance. In 2019, according to UN OCHA, 10.2 million Syrians (more than half the country's remaining population) were living in areas with high risk of explosion. And the

full extent of contamination with explosives had not even been assessed.⁵⁵ Serious incidents are frequent, with returnees and children at particular risk, and the contamination creates significant problems above all for agriculture, rubble clearance and humanitarian access.

War Economy and Sanctions

Syria's economy has contracted considerably in the course of the conflict. In 2018 the UN estimated the damage to the economy at more than US\$388 billion: direct physical destruction about US\$120 billion and loss of productivity about US\$268 billion.⁵⁶ In the first five and a half years of the war alone — from mid-2011 to the end of 2016 — the loss of GDP amounted to about US\$226 billion, or about four times Syria's total GDP in 2010. Real GDP declined by about two-thirds over the same period.⁵⁷

The main reasons for the decline in productivity were loss of production factors (in particular the physical destruction of factories in Aleppo, Homs and the Damascus suburbs), withdrawal of investment, loss of labour and skills, and lack of fuel, electricity and raw materials.⁵⁸ Additionally the war economy shifted incentives away from productive activities.⁵⁹ War-related degradation of transport and commercial networks and supply chains also played a decisive

50 UN OCHA Syria, *2019 Humanitarian Needs Overview* (March 2019), esp. 5, 6, 28, https://reliefweb.int/sites/reliefweb.int/files/resources/2019_Syr_HNO_Full.pdf (accessed 29 January 2020); for damage see also World Bank, *The Economics of Post-Conflict Reconstruction in MENA* (Washington, D.C., 1 April 2017), <http://documents.worldbank.org/curated/en/235401491413228678/The-Economics-of-Post-Conflict-Reconstruction-in-MENA> (accessed 29 January 2020); World Bank, *The Toll of War* (see note 48), v–x, 17–75. See also more recent reports from the Center for Operational Analysis and Research (COAR) on damage, challenges and politico-economic dynamics in individual regions of Syria at: <https://coar-global.org/nosapl/>.

51 UN Habitat, *City Profile Homs: Multi Sector Assessment* (May 2014), <https://unhabitat.org/sites/default/files/download-manager-files/Homs%20RCP.pdf> (accessed 27 March 2020).

52 United Nations Institute for Training and Research, *Syrian Cities Damage Atlas* (see note 49).

53 Ibid.

54 COAR, *Eastern Ghouta: Needs Oriented Strategic Area Profile* (July 2019), 18, <https://coar-global.org/nosapl/> (accessed 27 March 2020).

55 “Syria in 2020: The Deadly Legacy of Explosive Violence and Its Impact on Infrastructure and Health”, *ReliefWeb*, 18 December 2019, <https://reliefweb.int/report/syrian-arab-republic/syria-2020-deadly-legacy-explosive-violence-and-its-impact> (accessed 31 January 2020); “Syria — Explosive Hazard Contamination”, UNMAS website, March 2019, <https://unmas.org/en/programmes/syria> (accessed 29 January 2020); UN OCHA Syria, *2019 Humanitarian Needs Overview* (see note 50), 52f.

56 “Experts Discuss Post-conflict Reconstruction Policies after Political Agreement in Syria”, *UNESCWA*, 7 August 2018, <https://www.unescwa.org/news/syrian-experts-discuss-post-conflict-reconstruction-policies-after-political-agreement-syria> (accessed 28 January 2020); “The Latest: UN Says Civil War Has Cost Syria \$388B in Damage”, *AP*, 9 August 2018, [https://apnews.com/aa0aaa2c44cd430196f572227b45c150/The-Latest-UN-says-civil-war-has-cost-Syria-\\$388B-in-damage](https://apnews.com/aa0aaa2c44cd430196f572227b45c150/The-Latest-UN-says-civil-war-has-cost-Syria-$388B-in-damage) (accessed 10 February 2020).

57 World Bank, *The Toll of War* (see note 48), vii.

58 Devadas, Elbadawi and Loayza, *Growth After War in Syria* (see note 46), 33.

59 World Bank, *The Toll of War* (see note 48), i.

role. As a consequence trade with neighbouring countries collapsed as well.⁶⁰

Investment Collapses

Syrian oil production was largely stopped by the war, and most of what was left still remained outside Damascus's control in early summer 2020.⁶¹ Oil was formerly one of Syria's main exports and a central source of revenues for the state. Together with high military spending, the collapse of state revenues (because of the loss of oil and tax revenues and the collapse of foreign trade) led to a steep decline in public investment — from 9 percent of GDP in 2010 to 0.5 percent in 2016.⁶² Damascus covers its budget and current account deficits by drawing on currency reserves, printing money and borrowing at preferential terms from Iran and Russia. This has in turn led to a noticeable increase in public debt, dwindling currency reserves and a dramatic devaluation of the Syrian pound. Before the uprising in 2011 one US dollar cost about 50 Syrian pounds. In October 2019 the price reached about 630 pounds. By mid-January 2020, against the backdrop of an escalating financial crisis in Lebanon, it had spiked to 1,200 pounds. By June 2020, with financial meltdown in Lebanon, the impact of Covid-19 and the psychological effect of US sanctions, it reached a record high of 3,200 pounds.⁶³

⁶⁰ Between 2011 and 2015 alone, Syria's exports shrank by 92 percent. World Bank, *The Toll of War* (see note 48), vii.

⁶¹ According to the World Bank, production fell from about 368,000 barrels/day in 2010 to about 40,000 in 2016. World Bank, *The Economics of Post-Conflict Reconstruction in MENA* (see note 50), 27. Of these, only about 10,000 barrels/day were produced in areas controlled by the regime. World Bank, *The Toll of War* (see note 48), vii. According to EIU in 2019 production was 25,000 barrels/day. EIU, *Country Report Syria* (see note 18), 8. According to SOHR in autumn 2019 about one-third of Syrian territory and 70 percent of its oil and gas wells were controlled by the Syrian Democratic Forces (SDF). SOHR, "5 Years of International Coalition Involvement in Syria: One-third of the Country and 70% of Oil and Gas Are under Its Control, while Thousands of Victims and Violations Awaiting Investigation", 2 October 2019, <http://www.syriahr.com/en/?p=142551> (accessed 29 January 2020).

⁶² World Bank, *The Economics of Post-Conflict Reconstruction in MENA* (see note 50), 29.

⁶³ See also *Two Countries, One Crisis: The Impact of Lebanon's Upheaval on Syria*, COAR, Thematic Report (21 December 2019), <https://coar-global.org/2019/12/21/two-countries-one-crisis-the-impact-of-lebanons-upheaval-on-syria/> (accessed

The most noticeable consequence for ordinary citizens in Syria has been a significant increase in the cost of living.⁶⁴ In combination with a massive rise in unemployment, they have become increasingly dependent on international aid and remittances.⁶⁵ In June 2020, the head of the WFP warned of famine,⁶⁶ according to its figures, 9.3 million Syrians were experiencing food insecurity (up from 6.5 million 2018), a further 2.2 million were at risk of food insecurity; more than 80,000 children were chronically malnourished.⁶⁷

Damascus lacks the resources to pursue economic reconstruction or invest in infrastructure.

The government's budget for 2020 proposes a slight overall increase in spending, by 3 percent to US\$9.8 billion, partly to fund higher public sector salaries and pensions. The only planned spending cuts are a reduction in subsidies, including those on fuel. As a result the fiscal situation is likely to remain tight. It is also dubious whether the spending can

10 March 2020); *Cash Crash: Syria's Economic Collapse and the Fragmentation of the State*, COAR, Thematic Report (6 July 2020), <https://coar-global.org/2020/07/06/cash-crash-syrias-economic-collapse-and-the-fragmentation-of-the-state/> (accessed 10 July 2020).

⁶⁴ Ben Parker, "Briefing: What to Watch in Syria This Year", *New Humanitarian*, 8 January 2020, <https://www.thenewhumanitarian.org/analysis/2020/1/8/Syria-aid-reconstruction-refugees-peace-conflict-Idlib-UN-NGOs-Turkey-Russia> (accessed 29 January 2020); World Food Programme (WFP), *Market Price Watch Bulletin* (Syria Country Office, November 2019), <https://docs.wfp.org/api/documents/WFP-0000111576/download?iframe> (accessed 29 January 2020).

⁶⁵ The World Bank estimates that in 2018 the remittances from more than nine million Syrians living abroad amounted to about US\$1.6 billion; see EIU, *Country Report Syria* (see note 18), 6. EIU cites an official unemployment rate of 43.5 percent in 2019; *ibid.*, 10. The value of remittances has collapsed though in the wake of measures adopted by the government during the Covid-19 pandemic.

⁶⁶ Damien McElroy, "Stark Warning of Syrian Famine from UN Food Programme Chief", *The National*, 12 June 2020, <https://www.thenational.ae/uae/stark-warning-of-dangers-of-syrian-famine-from-un-food-programme-chief-1.1032650> (accessed 10 July 2020).

⁶⁷ WFP, *WFP Syria Country Brief (June 2020)*, https://docs.wfp.org/api/documents/WFP-0000117465/download?_ga=2.77749910.385596067.1594389871-685302436.1594389871 (accessed 10 July 2020).

actually be covered by further borrowing and/or higher revenues resulting from the recapture of territory and the restoration of control over border crossings.⁶⁸ Damascus definitely does not possess the resources to expand its investment in infrastructure or pursue economic reconstruction.

Sanctions

A complex and extensive sanctions regime has played a decisive role in Syria's economic decline. Since 2011 sanctions have been imposed by the United States, the European Union, the Arab League and Turkey.⁶⁹ Although the UN itself has not imposed sanctions and certain Arab states (such as Iraq) and Turkey have not enforced theirs strictly, restrictions on trade and finance, travel bans and asset freezes have had far-reaching consequences, both intended and unintended. They target representatives of the regime, state institutions (in particular the central bank and the oil sector), as well as individuals accused of responsibility for grave human rights violations. But they also affect independent entrepreneurs, humanitarian aid and the supply of basic necessities for the population.⁷⁰

⁶⁸ EIU, *Country Report Syria* (see note 18), 6.

⁶⁹ On US sanctions, see U.S. State Department, *Syria Sanctions*, <https://www.state.gov/syria-sanctions/> (accessed 29 January 2020); for a list of individuals and entities subject to sanctions, see U.S. Office of Foreign Assets Control, *Sanctions List Search*, <https://sanctionssearch.ofac.treas.gov/> (accessed 29 January 2020); for EU sanctions, see EU Sanctions Map, *Restrictive Measures against Syria*, <https://sanctionsmap.eu/#/main/details/32,34/?search=%7B%22value%22:%22%22,%22searchType%22:%7B%7D%7D>; for Arab League sanctions, see "Syria Unrest: Arab League Adopts Sanctions in Cairo", *BBC*, 27 November 2011, <https://www.bbc.com/news/world-middle-east-15901360> (accessed 29 January 2020); "Nas al-'uqbat alatti faradatha al-Jam'a al- 'Arabiya 'ala Suriya" [Text of the sanctions imposed on Syria by the Arab League], *Reuters*, 27 November 2011, <https://ara.reuters.com/article/idARACAE7AQ0E42011127> (accessed 29 January 2020). There are also counter-terrorism sanctions imposed by the United Nations, United States, European Union and others, which are directed primarily against IS and Al-Qaeda.

⁷⁰ On the effects of financial and import sanctions in particular on humanitarian aid and reconstruction, see Alice Debarre, *Making Sanctions Smarter: Safeguarding Humanitarian Action* (New York: International Peace Institute, December 2019), 8–13, https://www.ipinst.org/wp-content/uploads/2019/12/1912_Making-Sanctions-Smarter.pdf (accessed 29 January 2020).

The comprehensive sanctions against Syria's rulers, businesspeople and institutions cannot to date be said to have led to any change in behaviour, political concessions or ending of human rights violations. But research does indicate that the measures have contributed significantly to Syria's economic contraction, although it is difficult to isolate the impact of sanctions from other factors (in particular war damage, flight and forced displacement). It is incontrovertible, however, that they hamper remittances and food imports, increase production costs and negatively affect the production of medical goods. As such, it must be assumed that they contribute to increasing unemployment, reducing wages and salaries, and increasing the cost of living.⁷¹ The tightening of US sanctions on Iran has also had knock-on effects in the form of fuel shortages and price inflation in Syria. The comprehensive secondary sanctions adopted by the US Congress in December 2019 aim in particular at preventing reconstruction.⁷²

The Consequences of Death and Displacement

Observers assume that more than half a million people have been killed in the course of the fighting in Syria and hundreds of thousands more injured.⁷³ The biggest humanitarian emergency of our time is playing out in and around Syria.⁷⁴ More than half

⁷¹ Erica S. Moret, "Humanitarian Impacts of Economic Sanctions on Iran and Syria", *European Security* 24, no. 1 (2015): 10ff.; UN Human Rights Council, *Report of the Special Rapporteur on the Negative Impact of Unilateral Coercive Measures on the Enjoyment of Human Rights on His Mission to the Syrian Arab Republic* (11 September 2018), https://reliefweb.int/sites/reliefweb.int/files/resources/A_HRC_39_54_Add.pdf (accessed 27 March 2020).

⁷² US Congress, "Title LXXIV — Caesar Syria Civilian Protection Act of 2019" (see note 43).

⁷³ There are no independent sources; the UN stopped counting deaths in early 2014. Apart from those killed during fighting, it is estimated that around 100,000 Syrians have been tortured to death in government and IS prisons. For a detailed account, see SOHR, "About Nine Years of the Syrian War: Continuous Killing and Destruction while War Criminals Go Unpunished", 10 January 2020, <http://www.syriahr.com/en/?p=152653> (accessed 26 February 2020).

⁷⁴ Syrians represented the world's second-largest refugee population, according to then UN High Commissioner for Refugees António Guterres in 2014; quoted in UNHCR, "Needs Soar as Number of Syrian Refugees Tops 3 Million",

Syria's population felt compelled to leave their homes, with the immediate reasons including grave human rights violations by the regime, IS and rebel groups, fighting and destruction, and the collapse of infrastructure. At the beginning of 2020 about 5.6 million Syrian refugees and 6.1 million IDPs were registered with the UNHCR.⁷⁵ Many of the IDPs have had to flee multiple times in the course of the war, or have been repeatedly deported or resettled. New waves of displacement occurred at the beginning of 2020, above all in the contested province of Idlib.⁷⁶ A large part of the population has lost their livelihood through (forced) displacement, destruction, looting and economic collapse. At the beginning of 2020 about 11 million Syrians – two-thirds of the remaining population – were dependent on humanitarian aid.⁷⁷

Social and Human Capital

The conflict has had an enormous impact on Syrian social and human capital. Ethnic and confessional mobilisation and war crimes have left the social contract between political leadership and population fractured and the coexistence of diverse ethnic and religious groups deeply harmed. Human development has also suffered. While Syria was in the middle category of the UN Human Development Index (HDI) in 2010, with a two-decade positive trend, it is now in the bottom category.⁷⁸

29 August 2014, <https://www.unhcr.org/53ff76c99.html> (accessed 28 January 2020).

⁷⁵ Most of the refugees are in the neighbouring states of Turkey (about 3.6 million), Lebanon (about 900,000), Jordan (about 650,000), Iraq (about 250,000) and Egypt (about 130,000). UNHCR, "Operational Portal – Refugee Situation", https://data2.unhcr.org/en/situations/syria_durable_solutions (accessed 28 January 2020).

⁷⁶ UN OCHA, *Syrian Arab Republic – Recent Developments in Northwest Syria*, Situation Report 7 (29 January 2020), <https://reliefweb.int/report/syrian-arab-republic/syrian-arab-republic-recent-developments-northwestern-syria-situation-13> (accessed 26 February 2020). See also Sinem Adar, Steffen Angeendt, Muriel Asseburg, Raphael Bossong and David Kipp, *The Refugee Drama in Syria, Turkey, and Greece: Why a Comprehensive Approach Is Needed*, SWP Comment 16/2020 (Berlin: Stiftung Wissenschaft und Politik, April 2020), <https://www.swp-berlin.org/en/publication/the-refugee-drama-in-syria-turkey-and-greece/> (accessed 26 March 2020).

⁷⁷ UNHCR, "Operational Portal" (see note 75).

⁷⁸ Since 2013 alone Syria has fallen fourteen places, see United Nations Development Programme (UNDP), "Human

The Syrian health system is very poorly prepared for the Covid-19 pandemic.

The conflict has particularly grave long-term effects in the education and health sectors. The dramatic loss of teachers through flight and forced displacement leaves a "lost generation" growing up in Syria. UNICEF estimates that about half of Syria's children (in Syria and neighbouring countries) are not going to school, often because their school building has suffered serious damage or is being used as a shelter for IDPs. The Syrian health system is now also completely dysfunctional. Many health care facilities have been destroyed, there are shortages of equipment and medicines, the majority of health care professionals have left the country. One consequence of this has been a dramatic decline in immunisation rates and increases in disease, epidemics and infant mortality.⁷⁹ Consequently Syria was also very poorly prepared for dealing with the Covid-19 pandemic.⁸⁰

Limited Returns

Although large parts of the country are no longer embattled and living conditions for refugees in neighbouring states have deteriorated noticeably in recent years, the number of returnees has remained comparatively small. The UN still does not see the conditions in place for safe, voluntary and permanent return of displaced persons. One reason for this is

Development Report 2019", 304, <http://hdr.undp.org/en/content/table-2-human-development-index-trends-1990-2018> (accessed 28 January 2020); UNDP, "Syrian Arab Republic – Human Development Indicators", <http://hdr.undp.org/en/countries/profiles/SYR> (accessed 28 January 2020).

⁷⁹ World Bank, *The Economics of Post-Conflict Reconstruction in MENA* (see note 50), 17–29.

⁸⁰ United Nations Security Council (UNSC), Briefing Security Council, Emergency Relief Coordinator Warns of Potentially Devastating Consequences for Syrians Most Vulnerable to COVID-19, 31 March 2020, <https://www.un.org/press/en/2020/sc14148.doc.htm> (accessed 10 April 2020). Conflict dynamics have impeded action to deal effectively with the pandemic, see Muriel Asseburg, Hamidreza Azizi, Galip Dalai, Moritz Pieper, *The Covid-19 Pandemic and Conflict Dynamics in Syria: Neither a Turning Point Nor an Overall Determinant*, SWP Comment 21/2020 (Berlin: Stiftung Wissenschaft und Politik, May 2020), https://www.swp-berlin.org/fileadmin/contents/products/comments/2020C21_Covid_Syria.pdf.

that the UNHCR still does not have unhindered access to returnees to ensure their security and for service provision. For that reason, the UN and international organisations like the IOM are not actively supporting return.⁸¹ In the course of 2019, according to UN figures, 87,000 refugees returned to Syria, for the period 2016–2019 the figure was 220,000; in both cases overwhelmingly from Turkey, Jordan and Lebanon.⁸²

Surveys conducted by UNHCR in 2018 show that the main reasons for Syrian refugees not to return are fear of political persecution, lawlessness and forced conscription, and feeling unsafe or being unable to reclaim property because of missing documentation. An August 2019 report by the Syrian Network for Human Rights (SNHR) demonstrates that these concerns over personal safety are anything but groundless. It documents almost two thousand cases where returnees were arbitrarily detained. Almost one-third disappeared; fifteen are known to have died under torture. Many of those who were released were, according to SNHR, later detained again or conscripted.⁸³ Moreover many refugees assume that they would not find adequate livelihoods if they returned, because of destruction of housing, looting, and legislation designed to enable expropriations and property seizures especially from displaced persons. Refugees also expect that access to basic services will be heavily restricted, especially in (formerly) embattled areas.⁸⁴

81 “United Nations Seeks Negotiated Political Solution as Syria Conflict Enters Ninth Year, Under-Secretary-General Tells Security Council”, United Nations press release, SC/13751, 27 March 2019, <https://www.un.org/press/en/2019/sc13751.doc.htm> (accessed 29 January 2020). This assessment is shared by the German government. See Chancellor Angela Merkel at a press conference with Turkish President Tayyip Erdoğan on 24 January 2020 in Istanbul, “Video – Merkel stellt der Türkei weitere finanziellen Hilfen in Aussicht”, *Tagesschau.de*, 24 January 2020, <https://www.tagesschau.de/multimedia/video/video-651383.html> (accessed 29 January 2020). See also Muriel Asseburg, *Perspektiven für Flüchtlinge statt Anreize zur Rückkehr nach Syrien*, SWP Kurz gesagt (Berlin: Stiftung Wissenschaft und Politik website, 29 April 2019), <http://bit.ly/SWP19KG0429> (accessed 10 March 2020).

82 UNHCR, “Operational Portal” (see note 75). It must, however, be assumed that the actual figure is higher and that not all of those who returned did so voluntarily.

83 SNHR, “The Syrian Regime Continues to Pose a Violent Barbaric Threat and Syrian Refugees Should Never Return to Syria”, 15 April 2019, <http://sn4hr.org/blog/2019/08/15/54146/> (accessed 29 January 2020).

84 World Bank, *The Mobility of Displaced Syrians: An Economic and Social Analysis* (Washington, D.C., 6 February 2019), 16–20,

Interim Conclusion

Under current conditions economic recovery in Syria in a form that would create jobs, provide adequate incomes, and stimulate food production for local markets will be almost impossible. Nor is the state itself likely to succeed in increasing its revenues in the medium term and resuming the provision of basic services to the population, even if Damascus wanted to do so. The main obstacles are the sanctions, including the tightening of American secondary sanctions, and the traditional dysfunctional politico-economic structures, compounded by the distortions of the war economy.

<https://www.worldbank.org/en/country/syria/publication/the-mobility-of-displaced-syrians-an-economic-and-social-analysis> (accessed 30 March 2020).

The European Approach: No Reconstruction without Political Opening

The EU and its member states have made engagement in reconstruction in Syria conditional on a political transition as laid out in UN Security Council Resolution 2254 (2015) or at least viable steps towards an inclusive conflict resolution and a political opening.⁸⁵ Correspondingly, European engagement on the ground has remained largely restricted to humanitarian aid. At the same time the EU has imposed comprehensive sanctions on Syrian institutions and individuals. But recent years have seen an incremental erosion of the EU's united front on Syria. A debate about European interests and entry points for more effective engagement has not yet been held, not least out of fear that the member states' positions could diverge even further.

European Positions and Instruments

Under the conditional approach of the April 2017 Syria strategy, the EU and its member states pursue the following objectives: to end the war through an inclusive political transition; to address the humanitarian needs of especially vulnerable groups; to support democracy, human rights and freedom of expression; to promote accountability for war crimes; and to enhance the resilience of the Syrian population.⁸⁶

⁸⁵ UN Security Council, *Resolution 2254 – Middle East (Syria)*, S/RES/2254 (2015), 18 December 2015, <http://unscr.com/en/resolutions/2254> (accessed 6 March 2020); European External Action Service (EEAS), "Syria: Speech by HR/VP Josep Borrell in the EP on the Current Security Situation in Syria", 12 February 2020, https://eeas.europa.eu/headquarters/headquarters-homepage/74537/syria-speech-hrvp-josep-borrell-ep-current-security-situation-syria_en (accessed 6 March 2020).

⁸⁶ Council of the European Union, "Council Adopts EU Strategy on Syria", press release, 3 April 2017, <https://www>.

Brussels continues to assume that a lasting stabilisation will be impossible under the leadership of Bashar al-Assad. In the same vein, Assad is not regarded as a cooperation partner, also in connection with accusations of war crimes and the use of internationally banned weapons. European support for a reconstruction under Assad, in this perspective, would only contribute to shoring up a repressive regime, cementing conflict lines and thus sowing the seeds of future confrontation.⁸⁷

consilium.europa.eu/en/press/press-releases/2017/04/03/fac-conclusions-syria/ (accessed 6 March 2020).

⁸⁷ Discussions between the author and European diplomats: St Petersburg, December 2019; Berlin, December 2019; Beirut, January/February 2020, and by telephone with Brussels, March 2020. Also in van Veen, *The Geopolitics of Syria's Reconstruction* (see note 45). For the argument, see also Steven Heydemann, *Beyond Fragility: Syria and the Challenges of Reconstruction in Fierce States* (Washington, D.C.: Brookings Institute, June 2018), <https://www.brookings.edu/research/beyond-fragility-syria-and-the-challenges-of-reconstruction-in-fierce-states/> (accessed 6 March 2020); André Bank, *Der "Siegfrieden" in Syrien und die Grenzen multilateraler Politik*, Focus Nahost (Hamburg: German Institute of Global and Area Studies [GIGA], December 2019), 8, https://www.giga-hamburg.de/de/system/files/publications/gf_nahost_1907.pdf (accessed 6 March 2020); Adopt a Revolution, ed., *Reconstructing Syria: Risks and Side Effects: Strategies, Actors and Interests* (Leipzig, 5 April 2019), https://adoptrevolution.org/wp-content/uploads/2019/01/Adopt_1812_Layout_EN_final_N.pdf (accessed 6 March 2020); Muriel Asseburg and Khaled Yacoub Oweis, "Syria's Reconstruction Scramble", *Syria Studies* (2017): 15–30, <https://ojs.st-andrews.ac.uk/index.php/syria/article/view/1573/1207> (accessed 6 March 2020); Kristin Helberg, "Syrien als Beute: Der Wiederaufbau einer Diktatur", *Blätter für deutsche und internationale Politik*, 2018, no. 11, 83–92, <https://www.blaetter.de/ausgabe/2018/november/syrien-als-beute-der-wiederaufbau-einer-diktatur> (accessed 6 March 2020).

Apart from engagement in the anti-IS coalition,⁸⁸ Europe's main concrete contribution is humanitarian aid. Taken together, the EU and its member states are by far the largest donor in this area. Between 2011 and late autumn 2019 they provided more than €17 billion in humanitarian aid for Syrians in the country itself and in neighbouring states.⁸⁹ Germany is the second largest bilateral donor after the United States.⁹⁰ According to the German UN ambassador Christoph Heusgen, Germany has contributed more than €8 billion in humanitarian aid to Syria since 2012.⁹¹ In almost all cases the assistance is implemented on the ground by UN agencies and international non-governmental organisations (INGOs). In principle, this aid is restricted to emergency relief for the population, refugees and IDPs. Further-reaching measures dubbed "humanitarian plus" or "early recovery" are only supported to a very small extent by a handful of member states.⁹² For a time additional funding (so-called stabilisation assistance) was channelled to areas controlled by the opposition, and to a lesser extent by the Kurds, to strengthen local political structures. To a limited extent the EU and its member states also support small rehabilitation and development projects run by INGOs and Syrian civil society organisations.

⁸⁸ See Council of the European Union, *Council Conclusions on the EU Regional Strategy for Syria and Iraq as Well as the Da'esh Threat*, 23 May 2016, <https://data.consilium.europa.eu/doc/document/ST-9105-2016-INIT/en/pdf> (accessed 6 March 2020).

⁸⁹ Council of the European Union, "Overview – Syria: Council Response to the Crisis", 10 February 2020, <https://www.consilium.europa.eu/en/policies/syria/> (accessed 6 March 2020). The United States has been the largest single donor to the humanitarian response in Syria and Syrians displaced in the region, providing over US\$10.6 billion in humanitarian assistance. U.S. Department of State, Near East Bureau, "U.S. Relations with Syria: Bilateral Relations Fact Sheet", 6 May 2020, <https://www.state.gov/u-s-relations-with-syria/> (accessed 11 July 2020).

⁹⁰ In 2019 alone, Germany supplied more than €300 million in humanitarian aid. Auswärtiges Amt, "Humanitäre Hilfe in Syrien", 4 February 2020, <https://www.auswaertiges-amt.de/de/aussepolitik/laender/syrien-node/humanitaere-hilfe-syrien/2303004?isLocal=false&isPreview=false> (accessed 9 March 2020).

⁹¹ German Mission to United Nations, Twitter, 5 March 2020, <https://twitter.com/GermanyUN/status/1235619814560980993?s=20> (accessed 9 March 2020).

⁹² Discussions between the author and European diplomats, Beirut, January/February 2020.

Since 2011 Europe has imposed comprehensive sanctions against the Syrian state and against Syrian individuals and entities. These measures have been regularly updated and extended annually by decision of the member states.⁹³ The sanctions firstly target individuals who are responsible for violent repression of the population and use of internationally banned weapons, whose activities directly benefit the Assad regime, or who profit from transactions that violate housing, land and property rights (HLP rights); individuals and firms associated with them are also targeted. The circles affected by sanctions include leading entrepreneurs, members of the Assad and Makhlef families, ministers, high-ranking members of the armed forces and intelligence services, members of pro-government militias, and individuals associated with the production, dissemination and use of chemical weapons. Europe has imposed travel bans and/or asset freezes on 273 individuals and 70 entities (as of May 2020).⁹⁴

All EU member states support continuing sanctions – but unity is eroding.

The purpose of sanctions is secondly to restrict the regime's financing opportunities and repressive capacities and to isolate it internationally. To that end Europe has instituted an arms embargo against Damascus and placed export restrictions on equipment that can be used for internal repression. It has also imposed an oil embargo, frozen assets of the Syrian central bank in the EU, and curtailed Syria's finance and banking sector's dealings with Europe, which makes trade with the country difficult. Exports of military and dual-use goods to Syria are prohibited. The sanctions package also includes far-reaching sectoral measures that hinder reconstruction. This applies in particular to restrictions on funding for oil

⁹³ Council of the European Union, "Council Decision 2011/273/CFSP of 9 May 2011 Concerning Restrictive Measures against Syria", *Official Journal of the European Union*, 10 May 2011 <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:121:0011:0014:EN:PDF> (accessed 6 March 2020). The EU also implements UN sanctions against Al-Qaeda and IS.

⁹⁴ Council of the European Union, "Syria: Sanctions against the Regime Extended by One Year", press statement, 28 May 2020, <https://www.consilium.europa.eu/en/press/press-releases/2020/05/28/syria-sanctions-against-the-regime-extended-by-one-year/> (accessed 11 July 2020).

and electricity infrastructure projects; the ban on European Investment Bank (EIB) funding for projects that would benefit the Syrian state; and restrictions on cooperation in banking and transport, for example in the case of the Syrian airline.⁹⁵

Growing Divergence

To date all EU member states have regularly voted to continue the sanctions. But cracks are appearing in the European stance. The background to this is the military gains made by the regime and its allies, concern over the persistence of the refugee crisis (and the possibility of new refugee movements), and Russia's overtures for European support for reconstruction as well as business interests of some European companies.

Germany, France and the United Kingdom are the most insistent on adhering to the existing position.⁹⁶ Other European states have either never broken off diplomatic relations (Czech Republic) or only downgraded them (Bulgaria), resumed relations with relevant top figures in the regime (Italy, Poland) or publicly and ostentatiously discussed reopening their embassy and expanding economic engagement

(Austria, Hungary, Italy, Poland).⁹⁷ While such steps have not to date been realised, sanctions have repeatedly been undermined by member states.

⁹⁵ Council of the European Union, "Council Regulation (EU) No. 36/2012 of 18 January 2012 Concerning Restrictive Measures in View of the Situation in Syria and Repealing Regulation (EU) No 442/2011", *Official Journal of the European Union*, Document 02012R0036, 27 September 2017, <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1512995969284&uri=CELEX:02012R0036-20170927> (accessed 6 March 2020); Council of the European Union, "Council Decision 2013/255/CFSP of 31 May 2013 Concerning Restrictive Measures against Syria", *Official Journal of the European Union*, Document 02013D0255, 27 September 2017, <https://eur-lex.europa.eu/legal-content/en/TXT/?qid=1521627773811&uri=CELEX%3A02013D0255-20170927> (accessed 6 March 2020).

⁹⁶ Auswärtiges Amt, *Joint Statement on the Ninth Anniversary of the Syrian Uprising by the Governments of Germany, France, the United Kingdom, and the United States*, 15 March 2020, <https://www.auswaertiges-amt.de/en/newsroom/news/ninth-anniversary-syrian-uprising/2319040>. It includes the statement: "Yet, we will not consider providing or supporting any reconstruction assistance until a credible, substantive, and genuine political process is irreversibly underway. Absent such a process, reconstruction assistance for Syria would only entrench a deeply flawed and abusive government, increase corruption, reinforce the war economy and further aggravate the root causes of the conflict."

⁹⁷ On the respective EU member states' relations with Syria, see International Crisis Group (ICG), *Ways out of Europe's Syria Reconstruction Conundrum*, Middle East Report 209 (Brussels, 25 November 2019), 22f., https://d2071andvip0wj.cloudfront.net/209-syria-reconstruction_1.pdf (accessed 6 March 2020); Anchal Vohra, "Europe Doesn't Even Agree on Assad Anymore", *Foreign Policy*, 8 March 2019, <https://foreignpolicy.com/2019/03/08/europe-doesnt-even-agree-on-assad-anymore/> (accessed 6 March 2020).

Conclusions, Policy Options and Recommendations

Reconstruction in Syria touches above all on three European interests. *Firstly* Europe has an interest in a lasting stabilisation where Syria is no longer the source of conflicts, refugee movements and terrorism. *Secondly* it serves Europe's interests if refugees and IDPs are enabled to return voluntarily under safe and dignified conditions. *Thirdly* it is in Europe's interest to see prosecutions for human rights violations, war crimes and the use of internationally banned weapons, to deter future perpetrators, lay the groundwork for reconciliation in Syria and prevent further erosion of the rules-based international order.

To date however Europe has been able to bring little influence to bear on the conflict dynamics on the ground, on a negotiated peace settlement or on the actions of the regime; nor has it been able to establish legal accountability for the crimes committed in Syria. One reason for this is that European states possess no relevant military presence and have largely refrained from throwing their political weight onto the international scales. Another is that the instruments available to them – above all conditionality of EU reconstruction assistance, recognition and the sanctions regime – hardly affect the regime's cost-benefit analysis, not least because conflict dynamics have changed fundamentally since the Russian military intervention. While the military successes of the regime and its backers have averted a political transition, Europe is still chasing regime change – or offering European engagement in a “day after” scenario. It certainly excludes cooperation not only with the top regime leaders, but also with representatives of state institutions. Yet, given the actual military and political conflict dynamics, a scenario of inclusive transition will remain unrealistic for the foreseeable future. Europe has not to date adequately thought through how its interests, as laid out above, can be pursued under the assumption that the Assad regime survives. One thing is clear: If the EU member states break ranks towards Damascus

they risk losing even the little influence they might have had. Only if the funding of reconstruction, the resumption of diplomatic relations and sanctions relief are advanced collectively and deliberately can they generate positive political momentum.⁹⁸

A More Realistic European Approach

It would therefore make sense to adjust the European approach to better correspond to current realities, bring European interests and instruments into line, and make the most effective possible use of the little influence that Europe can have.⁹⁹ The precondition for this would be firstly to admit that Europe will not achieve through incentives and sanctions what Damascus and its allies have crushed by military means: a conflict settlement negotiated between the Syrian conflict parties, a political opening leading to an inclusive and participatory political system and

⁹⁸ Roderich Kiesewetter, “Wiederaufbau jetzt? Die Rolle Deutschlands und Europas”, *Die politische Meinung – Zeitschrift für Politik, Gesellschaft, Religion und Kultur*, no. 553 (4 December 2018): 18f., <https://www.kas.de/de/web/die-politische-meinung/artikel/detail/-/content/wiederaufbau-jetzt-> (accessed 10 March 2020); Eugenio Dacrema and Valerie Talbot, eds., *Rebuilding Syria: The Middle East's Next Power Game* (Milan: Istituto per gli Studi di Politica Internazionale [ISPI], September 2019, esp. 137–43, https://www.ispionline.it/sites/default/files/pubblicazioni/ispi_report_rebuilding_syria_2019.pdf (accessed 27 March 2020).

⁹⁹ For alternative suggestions see also Julien Barnes-Dacey, *Society Max: How Europe Can Help Syrians Survive Assad and Coronavirus*, ECFR, April 2020, https://www.ecfr.eu/page/-/society_max_how_europe_can_help_syrians_survive_assad_and_coronavirus.pdf; Erwin van Veen, *Hope Springs Eternal: EU Options for Dealing with the Assad Regime* (The Hague: Clingendael, March 2020), https://www.clingendael.org/sites/default/files/2020-03/Policy_brief_EU_options_Assad_March_2020_0.pdf (both accessed 11 July 2020).

the rule of law, and measures of transitional justice that would lay the basis for reconciliation between conflict parties and population groups. It includes, secondly, rejecting the illusion that Assad's inner circle could be a reliable partner for stabilisation, economic recovery and reconstruction, or for counter-terrorism and return of refugees. Their prime concern is consolidating their grip on power. Everything else is subordinate to that, even at the expense of large parts of the population. That also means that comprehensive reconstruction — as an undertaking that involves much more than physical rebuilding, and where a return to the status quo ante is incompatible with lasting peace¹⁰⁰ — cannot be achieved with the current leadership in Damascus.¹⁰¹ Thirdly, the current economic and currency crisis and the erosion of state capacities in Syria should not be confused with an imminent collapse of the regime — still less in favour of an alternative force that would unify and stabilise the country. Instead the further erosion of state capacities is much more likely to be associated with renewed protest and fighting in so-called reconciled areas as well as a reorganising of insurgency groups.¹⁰² Such a development also threatens destabilisation spilling across Syria's borders in the form of terrorism and renewed refugee movements.

First and foremost, Europe should considerably step up diplomatic activity. It should push for crisis management and temporary arrangements that prioritise protecting the civilian population (for example in the contested province of Idlib), and promote a negotiated peace settlement. In this context it would

also make sense to more closely coordinate the different multilateral processes — the Astana Process, the so-called Small Group and the Geneva Process — and seek synergies.¹⁰³ A start was made in October 2018 with a first meeting of the French, German, Russian and Turkish leaders, but this has not been followed up.

As long as the current leadership retains its power in Syria, stronger European engagement is unlikely to achieve power-sharing or a political opening or a negotiated conflict settlement. And Europe rightly stresses that the countries responsible for stoking the conflict or for causing war damage bear a special obligation to finance the reconstruction. Nevertheless Europe should seek to contribute to alleviating suffering and preventing a further deterioration of living conditions by improving the effectiveness of humanitarian aid, offering support for rehabilitation of basic infrastructure (even in areas controlled by Damascus as long as certain conditions apply) and lifting those sectoral sanctions that impede recovery and reconstruction. Such an approach will necessitate coordination with the Syrian government at least at the technical level. The “price” will be that Damascus will interpret this as at least indirect recognition of its own legitimacy.

But it is also clear that far-reaching reforms are pre-conditional for lasting stabilisation. In this vein the EU should spell out its “more for more” approach,¹⁰⁴ laying out a future path of political opening and structural reforms in Syria on the one hand and European support for recovery and reconstruction and a normalisation of relations on the other. At the same time realpolitik should not mean neglecting core European interests, such as the prevention of war crimes and the preservation of a rules-based international order. Europe should refrain from normalising relations with the top leaders of the Assad regime and instead press for prosecutions for war crimes, grave

100 Aita, “Reconstruction as a Political-economy Issue” (see note 12); Faten Ghosn, “The Hard Road Ahead for Syria Reconstruction”, *Current History* (December 2018), <http://www.currenthistory.com/Article.php?ID=1533> (accessed 6 March 2020).

101 The World Bank points out that the pace of reconstruction and future economic growth in Syria will depend in the first place on the manner in which the conflict ends, as this will be decisive for the volume of reconstruction assistance, the numbers of returning refugees, and the strengthening of social capital in the sense of trust between different population groups. This assessment gives little grounds for optimism. See the growth forecasts for different conflict-ending scenarios in Devadas, Elbadawi and Loayza, *Growth after War in Syria* (see note 46).

102 See, for example, Abdullah Al-Jabassini, *Festering Grievances and the Return to Arms in Southern Syria* (Florence: EUI, April 2020), <https://cadmus.eui.eu/handle/1814/66786> (accessed 10 April 2020).

103 Russia, Turkey and Iran coordinate in the Astana Format; Egypt, Germany, France, Jordan, Saudi Arabia, the United Kingdom and the United States consult in the Small Group. For the efforts of the UN Special Envoy in Geneva, see <https://www.unog.ch/Syria>.

104 The then High Representative Federica Mogherini first formulated this approach in EEAS, *Elements for an EU Strategy for Syria: Joint Communication to the European Parliament and the Council*, JOIN (2017) 11 (Strasbourg, 14 March 2017), 15–18, <https://eeas.europa.eu/sites/eeas/files/celex3a52017jc00113aen3atxt.pdf> (accessed 6 March 2020).

human rights violations and the use of internationally banned weapons.

More specifically, the following measures should be considered.

More Effective Assistance

The humanitarian aid supplied by the EU and its member states via UN agencies and INGOs in Syria is to a large extent manipulated and politicised by the regime. Thus, rather than being dispensed according to international standards for humanitarian aid, it serves the interests of regime preservation. At the same time it is beyond doubt that Syrians will remain – and increasingly so – dependent on external support for the foreseeable future. It would therefore be crucial to undertake efforts to improve the effectiveness of European aid.

In that vein the EU has established a “Joint Programme Mechanism” to ensure that six UN agencies registered in Damascus pursue a coordinated regional approach in their work. If other donors join it and a critical financial mass is achieved, this mechanism could gain greater weight in future negotiations with Damascus about access, visas and implementation modalities. This could offer a way to prevent Damascus privileging or disadvantaging individual UN organisations according to their perceived usefulness or risk.¹⁰⁵ In order to strengthen this approach, Europe should channel a greater share of its support via the mechanism and encourage other donors to participate in it.

In addition, a strong audit mechanism involving donors and UN headquarters should establish independent monitoring and evaluation ensuring professional selection and vetting processes for local UN personnel and transparent procurement procedures which would guarantee that humanitarian organisations are able to freely choose their local implementation partners. This would allow them to reduce their dependency on local organisations and businesses that are directly or indirectly connected to the regime.¹⁰⁶

¹⁰⁵ Discussions between the author and European and EU diplomats, Beirut, February 2020.

¹⁰⁶ For details see the recommendations in Haid, *Principled Aid in Syria* (see note 22), 5–10; Human Rights Watch, *Rigging the System* (see note 10).

European Contribution to Rehabilitation of Basic Infrastructure

The dilemma for Europe is that sustainable stabilisation in Syria can be achieved neither in cooperation with the current leadership in Damascus nor against it, i.e. by bypassing state structures. To date the focus of so-called stabilisation assistance has been on regions outside the regime’s control. As much as Syrians in these regions need support, supplying stabilisation assistance has become ever more difficult there. Independent local structures capable of functioning as cooperation partners for rehabilitation and recovery have largely ceased to exist under the HTS-dominated “Salvation Government” in Idlib province and in the territories controlled by Turkey and its allies. They are unlikely to survive for long in the contested areas under the Kurdish-dominated self-administration in north-eastern Syria. And while more effective approaches for areas outside government control are urgently needed, they cannot address the challenges the majority of Syrians face.

In regime-controlled areas Europe already supports local civil society initiatives realising small-scale rehabilitation projects – without having approval from Damascus but involving the relevant stakeholders and thus permitting a degree of local ownership.¹⁰⁷ It should continue to do so. But this approach can only be expanded or reproduced to a limited extent without endangering its local protagonists and/or the projects being appropriated by Damascus. And even if such an approach allows local priorities to be better identified and addressed by including relevant local actors, it will not be able to adequately meet the enormous challenges of reconstruction. Also, with the September 2018 local elections, local political structures operating independently of Damascus have largely disappeared.¹⁰⁸ Damascus has effectively

¹⁰⁷ Discussions between the author and representatives of the EU, international NGOs and Syrian NGOs implementing rehabilitation projects in Syria, Beirut, February 2020.

¹⁰⁸ The National Progressive Front, which is dominated by the Baath Party, stood about 70 percent of the candidates in the regime-controlled areas (often unopposed) and now dominates the local councils. The elections also served to provide local warlords with posts that allow them to exert decisive influence on local reconstruction priorities. For an analysis of the revival of the Baath Party and its mass organisations, and the relevance of the elections for reconstruction, see Agnès Favier and Marie Kostrz, *Local Elections: Is Syria Moving to Reassert Central Control?* (Florence: EUI, February 2019),

blocked a decentralisation that would permit autonomous local units or any counterweight to the centre.¹⁰⁹

It would therefore make sense to move rapidly to a form of assistance that places considerably more emphasis on rehabilitation of basic infrastructure and improves living conditions through employment programmes and local procurement.¹¹⁰ Europe's self-imposed restriction to emergency assistance stands in the way of effective support for the population. Ultimately it risks contributing to cementing a situation in which living conditions deteriorate and the population remains permanently dependent on international aid and on the benevolence of the regime. This applies in particular to cities, neighbourhoods and rural areas that were controlled by the opposition and suffered massive destruction during their recapture. Europe should make decisions about mine clearance, housing (re)construction, restoration of basic infrastructure (water and sewerage, power, health, education), and local programmes for securing livelihoods exclusively on the basis of the needs of the population and not on the political stance of the regime. The decisive criterion for any European engagement in such rehabilitation projects should therefore be whether such projects can be realised without violating property rights or disadvantaging population groups on the basis of (insinuated) political loyalties.

<https://cadmus.eui.eu/handle/1814/61004> (accessed 6 March 2020); Myriam Youssef, Rim Turkmani and Mazen Gharibah, *Progress in the Wrong Direction: The 2018 Local Council Elections in Syria* (London: London School of Economics [LSE], February 2019), http://eprints.lse.ac.uk/100171/1/Local_elections_Syria_CRP_2019.pdf (accessed 6 March 2020).

109 "President al-Assad: The War Was between Us Syrians and Terrorism, We Triumph Together Not against Each Other", SANA, 17 February 2019, <https://www.sana.sy/en/?p=158819> (accessed 12 April 2020).

110 Some EU member states already support projects in the area of rehabilitation of basic infrastructure. But to date this only accounts for a small proportion of overall assistance; ICG, *Ways out of Europe's Syria Reconstruction Conundrum* (see note 97), 24. Discussions between the author and European diplomats, Beirut, February 2020. For the idea see also Volker Perthes, *Syria: Too Fragile to Ignore: Military Outcomes, External Influence and European Options*, SWP Comment 7/2019 (Berlin: Stiftung Wissenschaft und Politik, February 2019), <https://www.swp-berlin.org/10.18449/2019C07/> (accessed 10 March 2020).

Testing Damascus with an Offer

One way to test whether such a form of engagement is actually possible would be for Europe to make an offer for a large-scale rehabilitation project that is so attractive that it would be difficult for Damascus to publicly reject it.¹¹¹ Instead of scattering support across a multitude of UN agencies and INGOs, Europe could bundle part of its aid in an exemplary offer, for example to restore the basic infrastructure in one of the most heavily damaged cities, and thus create a precedent.¹¹² The project would not be conditional on the regime changing its behaviour on the political level. But Damascus would have to agree to the support being aligned on the needs of the population. In concrete terms that would mean that no population group would be excluded, currently separated quarters would be reconnected, HLP rights would be safeguarded; the project would be based on independent needs analyses and identification of priorities, with the participation of the local population; implementing partners would be chosen by Europe without interference; and independent monitoring would be allowed. Europe should build into such a proposal a system of indicators and benchmarks to ensure that implementation is stopped immediately if these principles are undermined by Damascus.

Reviewing the Sanctions Regime

It would certainly also make sense to review the existing sanctions regime as Europe's punitive measures play a role (albeit a minor one) in preventing rehabilitation, the creation of livelihoods and economic recovery. The most pressing aspect is to clarify the conditions for humanitarian exemptions and to avoid overcompliance with regulations, for example by banks. Particular scrutiny should also be applied to reviewing those sectoral sanctions (for example with regard to the electricity sector and EIB involvement), which stand in the way of rehabilitation of basic infrastructure, business activity of independent Syrian entrepreneurs and improvements in living conditions. In order to avoid any impression that

111 The idea was developed in discussion with Maxwell Gardiner, COAR, Beirut, February 2020.

112 COAR's "Needs Oriented Strategic Area Profiles" of individual regions could be helpful for such planning. They can be found at: <https://coar-global.org/nosap/>.

sanctions relief represents a political concession to Damascus, sanctions against top regime figures and individuals accused of grave crimes and/or violation of HLP rights could be further tightened at the same time.

If the respective sectoral European sanctions were lifted, this would remove at least one important obstacle inhibiting rehabilitation (for example in the electricity sector) and a further deterioration of living conditions. But Europe should have no illusions. Apart from Europe's punitive measures, Syria's own politico-economic structures and US sanctions also obstruct economic recovery and reconstruction. The comprehensive sanctions package adopted by the US Congress in December 2019 and in effect since June 2020 (so-called Caesar sanctions), with its direct and secondary sanctions, makes international engagement in Syria's reconstruction extremely unattractive. If Europeans are interested in engaging in rehabilitation activities, they will have to seek humanitarian waivers under the Caesar sanctions.

Supporting Refugees and IDPs

There is little Europe can currently do to facilitate the return of refugees and IDPs. The conditions for voluntary, safe and dignified return do not yet exist and cannot be expected to improve quickly. There is no sign of the required change of stance in Damascus nor of the required progress on reconstruction. Even if public services in the country were to function again, according to simulations published by the World Bank, many Syrians would only consider returning if they felt their personal safety was also ensured. And even if the conditions for safe return were to exist, the models indicate a negative correlation between rapid return of refugees and standard of living. The World Bank therefore advises against international efforts to promote early return.¹¹³

In the eventuality of the regime showing genuine willingness to permit refugees to return, Europe should offer its support. That should include creating the necessary preconditions, such as establishing a clear legal framework, procedures and mechanisms to permit orderly restitution of and/or compensation for land, housing and commercial property.

But in the medium term Europe should concentrate above all on support for the displaced: through UNHCR and UNRWA for IDPs, through UN agencies, INGOs and Syria's neighbours for refugees outside the country. Especially in relation to neighbouring states it is crucial to expand financial support and intensify the dialogue in order to avoid a worsening of conditions on the ground and refugees being deported into a situation of uncertainty.

But merely feeding and housing refugees is not enough. In fact the Syrian diaspora offers Europe an opportunity to tackle one of the country's biggest challenges, namely, to strengthen the human capital available to Syria when the political circumstances finally permit returns. Europe should therefore put greater effort and investment into training Syrian teachers, doctors, nurses, administrators, engineers and other skilled workers in the main host countries (in the region and in Europe).

The "More for More" Approach

Above and beyond current policy options it would be extremely useful to clarify how and under what conditions Europe would be ready to engage in reconstruction and what a path to normalisation in relations with Damascus might look like. In 2017 the then EU High Representative Federica Mogherini published a "more for more" approach that made European concessions dependent on changes in the regime's behaviour. This approach has to date not been fleshed out and actively brought into play vis-a-vis Damascus.¹¹⁴ To date the EU offers engagement in reconstruction only if a political transition as per Security Council Resolution 2254 is firmly under way. In this case, in return for concrete measurable progress, Europe would make concrete offers, such as easing sanctions; resuming cooperation with the Syrian government, for example in the frame of the European Neighbourhood Policy (ENP); mobilising finance for reconstruction together with the IMF and World Bank; in the sphere of security; with regard to governance, reforms and services; concerning social cohesion, peacebuilding and reconciliation; and strengthening human capital and supporting economic recovery. But Brussels has yet to spell out in detail how Damascus would have to alter its behaviour concretely (below the threshold of regime change or substantial

¹¹³ World Bank, *The Mobility of Displaced Syrians* (see note 84), 23–26.

¹¹⁴ EAD, *Elements for an EU Strategy for Syria* (see note 104).

regime transformation) and how the European side would respond to which reform step.¹¹⁵

The leadership in Damascus cannot at the current juncture be realistically expected to regard a fleshed out “more for more” as an offer it needs to concern itself with. So it is unlikely that operationalisation under current circumstances would bring about any change in behaviour. Nevertheless it remains imperative that the European states agree a shared line on which behaviour of the Syrian leadership their concessions should depend on. It should also be made clear to Damascus that the EU and its member states are sticking to the perspective that a lasting stabilisation presupposes fundamental reforms. And it is worthwhile laying out how a path of rapprochement might look, because it is by no means excluded that a new leadership in Damascus would develop an interest in closer relations and/or that Moscow might be prepared to support elements thereof. Precisely this point should be explored in a dialogue with Russian partners.¹¹⁶

It would therefore be helpful to take a differentiated look at the European offers discussed above and systematically review what can already be done and what should be conditional on the behaviour of the leadership. As explained above, measures orientated on the basic needs of the population should not be subject to political conditionality. The most important consideration here is to ensure that European aid is not diverted and politicised. But any rapprochement with Damascus and engagement in reconstruction

should be dependent on concrete and verifiable political steps.

First of all this would include elements relating to fundamental human rights. This would mean ceasing systematic abuses, arbitrary detention, torture and forced conscription by the Syrian security forces; political prisoners would have to be released, the fate of disappeared persons clarified, and refugees and IDPs able to return in dignity and safety; HLP rights would have to be guaranteed. For there to be any chance of success in this, impunity will have to be ended and rule of law strengthened.¹¹⁷ Further steps would then aim for a political opening and more inclusion (for example through elections under international supervision with the participation of all Syrians) and support the Geneva Process (Constitutional Committee and reconciliation efforts). In return Europe could gradually resume technical cooperation with Syrian ministries, go beyond rehabilitation measures to devise and support plans for reconstruction, reforms and reconciliation jointly with state entities, local stakeholders and Syrian civil society,¹¹⁸ and, at an appropriate point in time, appoint a high-ranking EU envoy for reconstruction and relations with Damascus.

No Blind Eye to Grave Human Rights Violations

At the same time, normalisation of the relationship with top regime leaders should be excluded. There can be no return to “business as usual” with those who bear the main responsibility for grave human rights violations, war crimes and use of internationally banned weapons. Rather, Europe has a strong interest in ensuring that these actors are brought to justice. The stakes ultimately include securing a rules-based world order, deterring future potential perpetrators

115 ICG, *Ways out of Europe's Syria Reconstruction Conundrum* (see note 97), 28ff., offers a helpful operationalisation of a “more for more” approach, showing in detail the kind of parallel steps the two sides could take. The approach proposed here is different, in the first place in the sense that political conditionality is lifted for European measures directed at satisfying the basic needs of the population.

116 To date such efforts appear to have been fruitless. For a joint approach with Russia or a division of labour, see also the proposals in Julien Barnes-Dacey, *A Framework for European-Russian Cooperation in Syria*, Commentary (London: European Council of Foreign Relations [ECFR], 17 June 2019), https://www.ecfr.eu/article/commentary_a_framework_for_european_russian_cooperation_in_syria (accessed 6 March 2020); Hinnebusch, “The Battle over Syria's Reconstruction” (see note 6) and Muriel Asseburg and Alexander Aksenok, *Economic Reconstruction in Syria – An Area for EU-Russia Selective Engagement?* EUREN Brief 16 (June 2020), <http://www.eu-russia-expertnetwork.eu/en/analytics/euren-brief-16> (accessed 10 July 2020).

117 See the proposal for a European approach centred on rule of law in Bassma Kodmani, *Europe Is the Key Player in Syria: An Alternative Template for Transition* (Paris: Arab Reform Initiative, 4 October 2018), <https://www.arab-reform.net/publication/europe-is-the-key-player-in-syria-an-alternative-template-for-transition/> (accessed 6 March 2020).

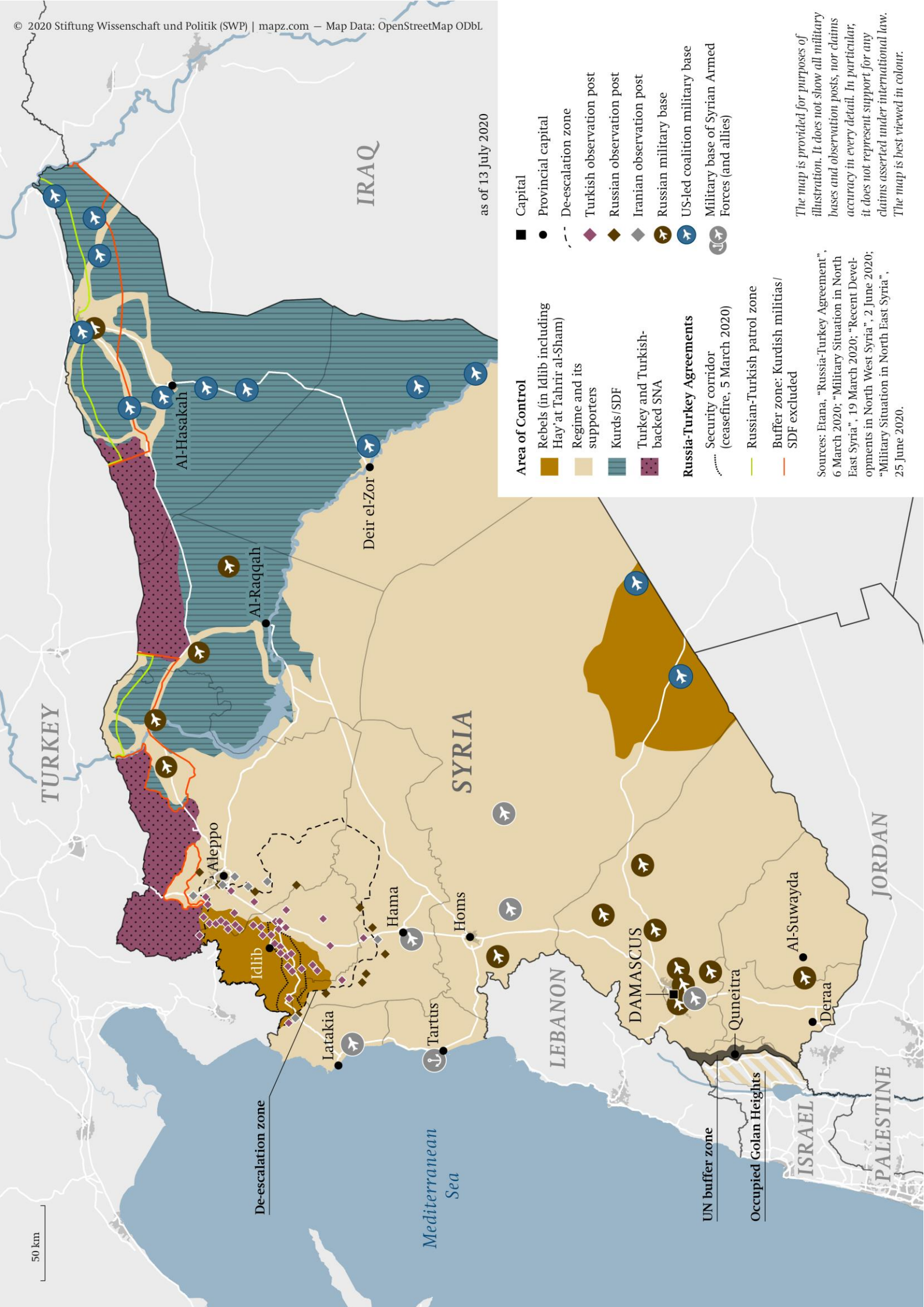
118 SNHR, *Joint Statement: A Vision from Syrian Civil Society Organizations about the General Principles of the Rebuilding Process of Syria*, 5 December 2018, http://sn4hr.org/wp-content/pdf/english/A_vision_from_Syrian_civil_society_organizations_en.pdf (accessed 6 March 2020).

and achieving justice for the victims and/or their relatives.

Europe should therefore continue to support the documentation of crimes by (Syrian) civil society organisations and international investigation mechanisms like the IIIM.¹¹⁹ Neither the Syrian authorities nor the International Criminal Court can be expected to prosecute those accused of grave crimes. Syria is not a signatory of the latter, and Russia can be expected to veto any move in the UN Security Council to refer cases to the ICC. Therefore, Europe should instead encourage prosecutions in national courts under the principle of universal jurisdiction, wherever possible, and ensure that their law enforcement agencies have the resources to do so.¹²⁰

119 The “International, Impartial and Independent Mechanism to assist in the investigation and prosecution of persons responsible for the most serious crimes under International Law committed in the Syrian Arab Republic since March 2011” (IIIM) was established in December 2016 by the UN General Assembly (Resolution 71/248). Its mandate is to gather and analyse evidence and prepare documentation allowing prosecution of violations of human rights and international humanitarian law in Syria.

120 Susanne Buckley-Zistel, “Gerechtigkeit für Syrien aus der Distanz? Das Weltrechtsprinzip und die strafrechtliche Aufarbeitung von Völkerrechtsverbrechen in Deutschland”, *Zeitschrift für Friedens- und Konfliktforschung* (December 2019), n.p.



Abbreviations

AFAD	Afet ve Acil Durum Yönetimi Başkanlığı (Disaster and Emergency Management Presidency, Turkey)	UNESCWA	United Nations Economic and Social Commis- sion for Western Asia
AL	Arab League	UNHCR	United Nations High Commissioner for Refugees
BRI	Belt and Road Initiative (China)	UNICEF	United Nations International Children's Emer- gency Fund
COAR	Center for Operational Analysis and Research (Beirut)	UNMAS	United Nations Mine Action Service
EEAS	European External Action Service	UN OCHA	United Nations Office for the Coordination of Humanitarian Affairs
EIU	Economist Intelligence Unit	UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
ENP	European Neighbourhood Policy	WFP	World Food Programme
EUI	European University Institute (Florence)	YPG	Yekîneyên Parastina Gel (People's Protection Units; PYD militias and dominant formation within SDF)
FAO	Food and Agricultural Organisation of the United Nations		
FSA	Free Syrian Army (opposition rebel formation)		
GIZ	Gesellschaft für Internationale Zusammenarbeit (German development agency)		
HDI	Human Development Index		
HLP	Housing, land and property rights		
HTS	Hay'at Tahrir al-Sham (Organization for the Liberation of the Levant; dominant rebel for- mation in Idlib province, emerged from the Syrian branch of Al-Qaeda)		
ICC	International Criminal Court		
ICG	International Crisis Group		
IDP	Internally displaced person		
IED	Improvised explosive device		
IIIM	International, Impartial and Independent Mechanism to assist in the investigation and prosecution of persons responsible for the most serious crimes under International Law com- mitted in the Syrian Arab Republic since March 2011		
IMF	International Monetary Fund		
INGO	International Non-Governmental Organisation		
IOM	International Organisation for Migration		
IS	"Islamic State"		
KNC	Kurdish National Council		
OPCW	Organisation for the Prohibition of Chemical Weapons		
PYD	Partiya Yekîtiya Demokrat (Democratic Union Party; Syrian sister party of PKK)		
SANA	Syrian Arab News Agency		
SARC	Syrian Arab Red Crescent		
SDF	Syrian Democratic Forces (militias of the Kurdish-dominated self-administration in north-eastern Syria)		
SIG	Syrian Interim Government (opposition government, based in Gaziantep, Turkey)		
SNA	Syrian National Army (emerged from FSA, allied with Turkey)		
SNHR	Syrian Network for Human Rights (opposition)		
SOHR	Syrian Observatory for Human Rights (opposition)		
UAE	United Arab Emirates		
UNDP	United Nations Development Programme		
UNESCO	United Nations Educational, Scientific and Cultural Organisation		

